

Nazi Past



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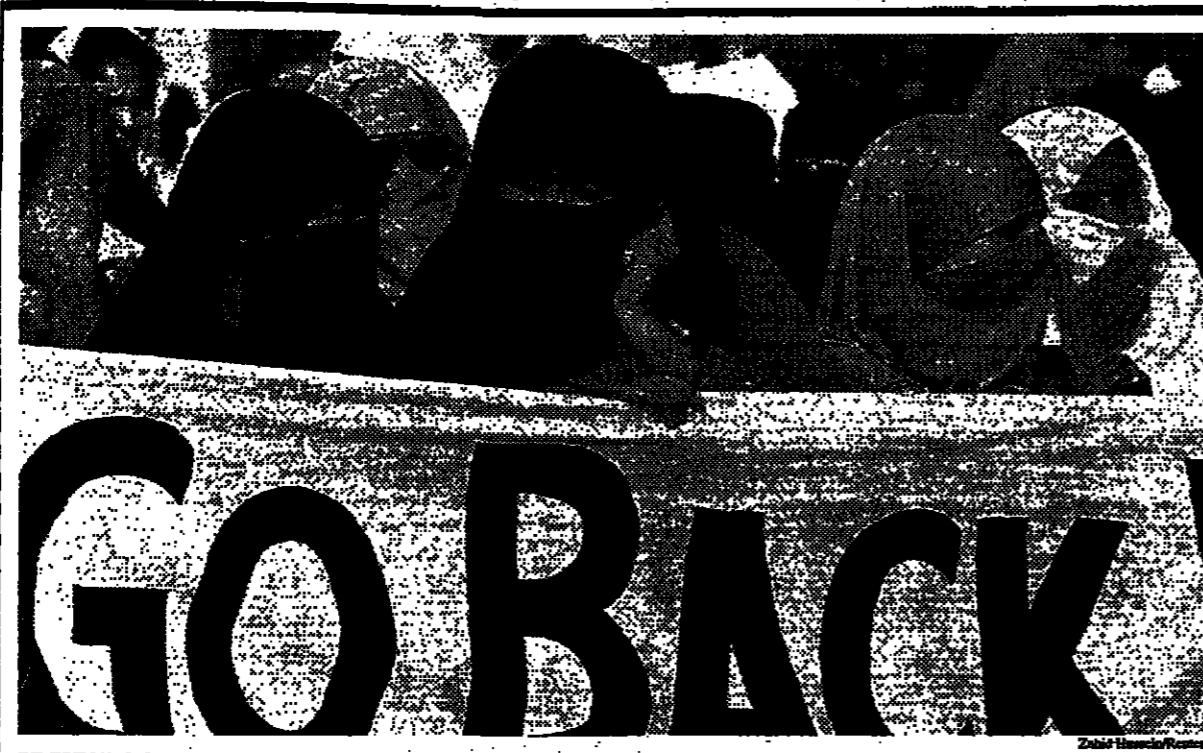
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UNWELCOME — Women in Karachi protesting Friday ahead of the arrival of the Indian prime minister for talks with his Pakistani counterpart in Lahore. Flaring unrest in Kashmir may be on the agenda. Page 5.

An Olivetti Bid for Telecom Italia?

By Alan Friedman
and Daniel Liefgreen
International Herald Tribune

MILAN — Olivetti is expected on Sunday to lead an audacious \$65 billion takeover bid for Telecom Italia, the former state-owned telecommunications company, according to sources close to Olivetti. Telecom is Europe's third largest telecommunications group.

The announcement Friday by Olivetti that it would convene a special board meeting Sunday to discuss a strategic and financial operation that concerns Telecom sparked turmoil in the political and business worlds. It also triggered speculation that the move could set off

one of Europe's biggest hostile takeover battles. Telecom Italia is a much bigger company than Olivetti.

"We will be very prudent," Prime Minister Massimo D'Alema said Friday night. "We will evaluate the industrial and employment implications."

Although the Italian Treasury has privatized nearly all of its stake in Telecom, the government still controls 3.4 percent of the shares. "It will be the market that will ultimately decide," said Mr. D'Alema, referring to an eventual takeover try by Olivetti.

Reaction came swiftly from the European Commission in Brussels. Aides to the competition commission, Karel van Miert, said Friday night that if Olivetti controls Omnitel jointly through an alliance with Mannesmann AG of Germany.

Italian trade unions began protesting

See OLIVETTI, Page 10

eti were to successfully acquire Telecom, it would create a potential monopoly situation because Olivetti already controls Omnitel, the Italian cellular phone firm.

"It is clear that Olivetti cannot control both Omnitel and Telecom," said an aide to Mr. van Miert. "We need to avoid the situation in which the same shareholder controls two competitors and therefore we will watch to see what will happen."

Olivetti controls Omnitel jointly through an alliance with Mannesmann AG of Germany.

Italian trade unions began protesting

Kosovo Peace Outlook Grim After Milosevic Snubs U.S.

By Charles Trueheart
Washington Post Service

PARIS — President Slobodan Milosevic of Yugoslavia threatened Friday to doom a Kosovo peace agreement by refusing to meet with the chief U.S. negotiator, Christopher Hill, on a last-ditch mission to Belgrade.

As the Saturday noon deadline for an accord neared, the North Atlantic Treaty Organization was positioning aircraft in the Balkans to carry out air strikes.

Mr. Hill left the stymied peace talks in Rambouillet, France, for the second time in three days to press the Belgrade government to accept an autonomy plan that would include peacekeeping troops in Kosovo for three years.

Speaking in Washington, President Bill Clinton and President Jacques Chirac of France delivered a stern warning to Mr. Milosevic on Friday, telling him that NATO was "determined" to launch air strikes against Serb positions should Belgrade not agree to a Kosovo peace plan. "We stand united in our determination to use force," Mr. Clinton said at a joint White House news conference with Mr. Chirac.

NATO, in its strongest statement to date, issued by Secretary-General Javier Solana on behalf of all members, said it was determined "to avert a humanitarian catastrophe by compelling compliance" with the demands of the international community.

He said the means to be employed by the alliance "include air strikes as well as other appropriate measures."

On aircraft carriers in the Adriatic and at air bases around Europe, 430 planes — including U.S. B-52 bombers,

A Yugoslav jet buzzes the Kosovo hotel of U.S. delegation. Page 4.

F-117 Stealth fighters and other reconnaissance and supply aircraft — were being deployed for the first series of sorties against Serbian air-defense installations.

Alliance sources said other targets might include bases of the feared Serbian paramilitary police, who have conducted some of the most brutal security operations against ethnic Albanians in Kosovo.

"We will not give up Kosovo, even if we are bombed," President Milosevic told a group of visiting Cypriots, according to the official Tanjug press agency in Belgrade.

His comment reflected the aggressive

talk coming from Belgrade even though the proposals on the table do not require Yugoslavia to grant independence to the southern province, which is an old region of Serbia.

The international community and the Kosovo Albanian rebels fighting for independence consider the military "implementation force" indispensable to guarantee Kosovo's security and transition to self-governing status under the proposed settlement.

"A viable political settlement must be guaranteed by an international military presence," the NATO leaders repeated Friday after meeting in Brussels.

An Austrian diplomat, Wolfgang Petritsch, one of the three lead negotiators who have been meeting separately with the two sides in the two-week-old talks, articulated an open secret when he said the negotiations were "going nowhere."

An outright failure to reach a settlement, he said, was "very, very possible."

Because Mr. Hill did not see Mr. Milosevic, the State Department spokesman, James Rubin, said in Paris on Friday, "It is hard to be encouraged about Serb acceptance of the Contact

See KOSOVO, Page 4



By Le Monde/David R. Associated Press

Slowdown Starts to Rattle Europe

Reports Paint Gloomy Picture
Of Germany as Exports Fall

Finance Ministers Disagree
Over Plan to Limit Turmoil

By John Schmid
International Herald Tribune

FRANKFURT — Germany's economic outlook darkened Friday on news that overall growth shrank in the final quarter last year and business confidence fell unexpectedly in January for the eighth consecutive month.

Europe's economic locomotive stalled as the Asian and Russian financial crises choked exports and clouded prospects, analysts said in reaction to the latest data. With only sluggish activity at best forecast for the first quarter of 1999, an upturn is not expected until later in the year, they said.

"Our hope is directed at the second half of the year," said Peter Plessis, senior economist at Commerzbank AG in Frankfurt.

The latest figures suggest that Germany, which accounts for more than one-third of the 11-nation euro-bloc economy, is headed for rapid full-year growth of only 1.3 percent this year, which is well below the government's forecast of 2 percent and last year's expansion of 2.8 percent, said Elga Barthel, economist in London at Morgan Stanley Dean Witter.

The Bundesbank reported that the German economy contracted 0.4 percent in the fourth quarter compared to the previous three-month period. The central bank's preliminary figures provided the first confirmation that the economy shifted into reverse last year, defying some forecasts hopeful of flat activity.

The slowdown, the first quarterly drop in almost three years, stemmed entirely

By Edmund L. Andrews
New York Times Service

FRANKFURT — As finance ministers from the Group of Seven industrialized countries prepare to meet in Bonn on Saturday, Europe is far less unified than the existence of its new single currency, the euro, would suggest.

The United States is bracing for deep disagreements with Germany and France, which are campaigning for a new "financial architecture" to control exchange rates and reduce turbulence in world markets.

But European countries disagree among themselves about those issues, and the new European Central Bank is dead set against the French and German proposals.

"Europe is not even close to having a united front," said Klaus Friedrich, chief economist at Dresden Bank AG in Frankfurt, "and if they were, they wouldn't get anywhere."

The finance minister of Germany, Oskar Lafontaine, is expected to push hard Saturday for proposals to regulate exchange rates between the United States, Japan and the 11 countries that make up the euro zone. President Jacques Chirac of France echoed similar ideas Thursday in Washington, when he called for a new "highway code" to govern capital markets. (Page 11)

Those ideas are anathema to the U.S. Treasury secretary, Robert Rubin, who has repeatedly dismissed attempts to manage exchange rates as unworkable.

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While Remaining Neutral, Switzerland Is Carefully Edging Into Europe



Adolf Ogi, who says end of the Cold War has radically changed things.

The Swiss government is charting a new course aimed at full membership in the European Community in the new millennium. In 1996, Europe's staunchest neutral joined NATO's Partnership for Peace. There is a contingent of Swiss peacekeepers in Bosnia, and Swiss truce verifiers are working in Kosovo under the aegis of the Organization for Security and Cooperation in Europe. Projected army reforms call for a greater Swiss role in international peace support operations. In Bern, Switzerland's defense minister, Adolf Ogi, discussed the implications of the policy changes with Robert Kroon for the International Herald Tribune.

Q. Neutral Switzerland was spared the horrors of two world wars, and neutrality has always been seen here as both immutable and profitable. Is Switzerland finally breaking out of its splendid isolation?

A. Let me make clear that we're not thinking of giving up our neutrality. Austria and other neutrals are EU mem-

bers, so there's no conflict of interest there. But with the end of the Cold War, strategic equations in Europe have changed radically.

We can no longer stay aloof from international efforts to secure the peace. So in our reform plans for the Swiss army, the accent will be on security through international cooperation. It's not just a gesture of European solidarity, but it is also in our national interest. If Kosovo explodes, it could bring a new wave of refugees in addition to the 200,000 Kosovars who are already in Switzerland. So we want to be part of the international peacekeeping effort.

Q. Does your new strategic concept provide for Swiss army units, backed by armor and warplanes, participating in peace enforcement duties with other European states — even under NATO command?

A. Not just yet. In our system of direct

Q & A / Adolf Ogi, Swiss Defense Minister

democracy, that would never get through a referendum at his stage. We are looking at a careful and gradual process — and that also goes for our membership in the European Community.

When you climb a mountain,

you can't race to the top. As a first step, Swiss soldiers will no longer be sent on peacekeeping missions unarmed, like in Bosnia right now.

They must be able to defend them-

selves instead of having to rely on pro-

tection from American, British or

French troops, who have other things to worry about.

So we will step up our commitments,

but not in terms of combat units backed

by Leopard tanks or Swiss Air Force F-

18s. For starters, the Swiss input will be limited to a noncombat role — logistics, transport, communications, medical support, what have you. But that can be a

very valuable contribution.

Q. Unarmed or not, you have only 60 peacekeepers in Bosnia right now. Isn't that a very modest contribution for a country that has one of the strongest armies in Europe?

A. It's true that in case of war we can mobilize 400,000 troops, but it's a citizens' militia. Switzerland has no standing army to draw on for peacekeeping duties, so in our reform project, that must be addressed as well.

We are planning for core units of volunteers who will sign up for at least a year of military service. They would be earmarked for international peace support operations, preferably in the Euro-pean theater.

Q. When will these reforms be enacted and won't they be challenged in the usual referendum?

A. The government's new political guideline, labeled "Security through Cooperation," has been well received by the Parliament.

It could be challenged by a referendum, but I am fairly confident we

would win that vote. So the new security policy could become law by the end of next year.

Q. Is this trend of moving closer to Europe, politically and militarily, indicative of a totally new mindset?

A. Yes, and I think the trend is irreversible. But, as I said, it's a step-by-step process. We are not walking on four legs.

Opinion polls show a new mentality developing among the people, despite the rearguard action by a hard core of stubborn neorealists. As for joining Europe, I think Switzerland is up to it. Don't forget this confederation of 4 ethnic groups and 26 autonomous cantons has been an well-functioning example of European synergy since 1848.

As for the military aspect, since the start of peacekeeping operations in Bosnia, we have opened Swiss air space to SFOR [Stabilization Force] flights.

There have been some 6,000 overflights so far, and nobody has objected. That's one indication of the change that has taken place in the people's thinking.

Neighbors Offer Aid To Jordan's New King

Fears of Capital Flight Prove Unfounded

By William A. Orme Jr.
New York Times Service

JERUSALEM — A strong and somewhat unexpected show of support from Jordan's neighbors is helping King Abdullah's new regime gain its financial footing.

Assurances of long-term backing had already been provided by the Clinton administration, with a proposed \$300 million three-year aid increase on top of an earlier \$225 million pledge this year, and the International Monetary Fund, with a new contingency loan package for approximately \$150 million annually.

But in this vulnerable period of mourning and transition, Jordan has also received promises of financial support from Saudi Arabia and Israel and pledges of continued trade from Syria and Iraq.

Jordanians remain concerned about prospects for growth in the stagnant local economy, which has suffered for a decade from a drastic contraction of trade with Iraq and the loss of critical income from expatriate workers who returned from Kuwait and Saudi Arabia during the Gulf War.

If Jordan's role in the region is to continue and develop, all promises have to be translated into tangible financial facts." Al Rai, a leading newspaper, said in an editorial Thursday.

Still, Jordan's allies and business partners breathed easier as financial markets reopened a week after King Hussein's death and showed no

signs of succumbing to feared speculative attack.

In contrast to last summer, when initial reports of King Hussein's illness sent some \$400 million fleeing offshore, there were no reports of significant capital flight.

"In general, irrational behavior caused by shock was short-lived," Fahed Panek, a local financial commentator, wrote in *The Jordan Times*. Domestic financial fallout from the king's death was limited, he said, "because the fundamentals are right, the institutions are there, functioning properly, and the world is supporting us in every way."

Amman's banks and stock market and currency traders opened their doors on Feb. 13 after an official week of mourning for King Hussein, who died on Feb. 7 and was succeeded by his eldest son, Abdullah.

As local markets closed Thursday for the Muslim weekend, the Jordanian dinar was little changed from the levels of a month ago, when King Hussein was expected to survive.

Promised support from Jordan's neighbors put traders on notice that any run on the dinar would meet stiff resistance.

Kuwait, meanwhile, announced

plans to reopen its embassy and resume oil sales and economic aid halted after Jordan's tilt to Iraq in 1991.

Perhaps most important, Saudi Arabia — where the royal family is a historic rival of Jordan's Hashemite dynasty — also said it would resume financial aid and oil shipments sus-

pended since the Gulf War.

"Saudi Arabia will firmly stand by you and support you in good and bad times and will use its resources to help Jordan," Crown Prince Abdullah of Saudi Arabia said in a message to King Abdullah on his return from King Hussein's funeral, Jordan's government news agency reported.

Israel, much criticized in Amman for its perceived failure to increase trade and investment after its 1994 peace treaty with Jordan, also advertised its willingness to put its money on the line.

The Israeli government has discussed lending Jordan up to \$200 million to defend the dinar, if nec-

essary.

"The economic stability of our Jordanian neighbors is as important as stability in terms of security," Dan Proper, head of Israel's leading manufacturers association, said, calling for increased private investment in Jordan.

Yet while the dinar may remain stable, there are few job opportunities for a work force that has been growing by 5 percent yearly for a decade, and few obvious short-term prospects for swift growth in trade or investment.

For the past decade, as a stagnant economy failed to keep pace with 3.7 percent population growth, Jordan's per capita income has

hovered around \$1,500.

Governments has not been kind to Jordan's economy. Jordan remains what it was since King Hussein was crowned in 1952: a small, resource-poor buffer state separating muscular and volatile neighbors.

Except now it is even smaller, with fewer resources.

Jordan never recovered from its swift, thorough defeat in the 1967 war with Israel. It lost the fertile West Bank of the Jordan River, once the source of 60 percent of its produce and significant export income.

More important, the West Bank was home to an industrial, educated business community. After 1967, Jordan lost their skills, and their capital.

Israeli enmity and border security ensured that Jordanian companies lost access to what was once a third of their local market. Jordan's violent expulsion of Palestine Liberation Organization troops in 1970 and the Israeli security clampdown of the late 1980s further estranged Jordan from its former territory.

Jordan now exports barely \$20 million yearly to the West Bank, compared with estimated Israeli sales of

nearly \$1 billion.

King Abdullah, who has also received assurances from the United States and the IMF.

for most of the night and was cut off by road and rail.

Ski resorts like Grindelwald and Adelboden in the Bernese Oberland and Leukerbad in the Valais Alps were also cut off, stranding thousands of tourists.

The Gotthard Tunnel, which is a key route between north and south Europe, was expected to stay closed

until at least Saturday because of the risk of avalanches. Plans were underway to divert all trucks via Austria.

Defense Minister Adolf Ogi called in the air force to help deliver supplies to isolated communities and help with evacuations.

Hundreds of people had to leave their homes Thursday because of the risk of avalanches.

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VOLCANO REFUGEES — Troops doling out food to evacuees from the Colima volcano, in southwestern Mexico, where light explosions continued.

Cohen Battles to Win the Hearts of Civilians

By Steven Lee Myers
New York Times Service

REDMOND, Washington — Fewer young people in the United States say they are willing to consider military service. The number of veterans on Capitol Hill declines with each new Congress. The armed services have shrunk, and military bases are closing.

The military's place in American society is not what it once was.

But has it really come to this? The secretary of defense has started what he calls "a very aggressive campaign" to persuade the public that the military still matters.

In a series of appearances not normally associated with the nation's top Defense Department official, Defense Secretary William Cohen, who himself never served in uniform, is trying to make just that case.

The hope, Mr. Cohen says, is to "reconnect America to its military" before what many have portrayed as a

widening gap between the military and civilian cultures becomes a more dangerous breach.

He took his campaign on Thursday to the headquarters of Microsoft Corp., the computer-software giant whose ranks are filled with a generation of the sort of educated, innovative young people who now seem to give little thought to a stint in the all-volunteer military, let alone a career.

"There is also a gap that exists between some in this industry and our military," Mr. Cohen told some 150 polite and attentive employees gathered in Building 43 on Microsoft's sprawling campus here in Redmond. "It's not unique to this industry, but is somewhat indicative of our country."

What's more, many cities are deeply shaped by the military's presence — imagine San Diego without the navy — and the armed services still have enormous influence in Congress and beyond.

Still, Mr. Cohen said there was a danger that that support

had already begun to wane.

"There's less of a presence in the daily lives of most Americans," Mr. Cohen said in a recent interview at the Pentagon. "And so to the extent that they are not reminded of the role the military plays day in and day out, there's a danger they will not be supportive."

For Mr. Cohen, this campaign has a practical side, too. President Bill Clinton, under pressure from the Pentagon, has proposed more than 100 billion in new defense spending over the next six years.

And while Republicans in Congress are inclined to spend even more, there are some lawmakers who question why there needs to be any increase.

Others say Mr. Cohen's campaign is not enough. "Talking to the chamber of commerce here and there is not going to help the problem," said John Hillen, a former army captain and now senior fellow at the Center for Strategic Studies in Washington.

Mr. Hillen said the services needed to do more to recruit society's elite, perhaps by offering shorter stints or offering military scholarships beyond those given to the service academies.

"I think the bigger problem is down the road," he said. "When we have an entire corps of leaders, whether in business or politics or academia, who don't have a clue what the military is all about."

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State Department Rebuked on Security

By Philip Shenon
New York Times Service

WASHINGTON — Admiral William Crowe, the retired chairman of the Joint Chiefs of Staff, who headed a State Department investigation of bomb explosions at two U.S. embassies in Africa last summer, says that the State Department is so frightened of seeking money from Congress that other embassies could be left vulnerable to terrorist attacks.

Admiral Crowe, who has served as ambassador to London, said Thursday that the funds requested this month by the State Department for embassy security were clearly inadequate and would leave American diplomats and other personnel abroad vulnerable to terrorist attack.

The administration, he said, may be asking for only enough to "get the pressure off their back."

"The State Department is certainly intimidated by the Congress," Admiral Crowe said, noting that the department had asked for \$3 billion over five years, much less than half the amount recommended by two panels of experts.

"I think there are going to be more attacks, and we are going to lose more lives," the admiral said.

The proposed budget, he suggested,

would not allow complete replacement of several embassies that are known to be vulnerable to terrorism.

Admiral Crowe noted that the State Department had committed itself to rebuilding the embassies in Kenya and Tanzania, the two largely destroyed in the vehicle bombings, which took the lives of more than 220 people.

"It seems like the best way to get a new embassy built is to have yours blown away," he said.

The blunt criticism, in an interview and in a statement after the interview, apparently reflect the admiral's anger at the State Department for having failed to act on key recommendations he prepared at its request.

Senior department officials rejected much of the criticism, insisting that this month's budget requests would result in a significant improvement of security and that more money would be sought.

Kathleen Charles, deputy assistant secretary of state for budget and planning, said in an interview that the \$3 billion would allow for building 50 to 60 embassies and other diplomatic missions, mostly replacements. "The Congress has been extraordinarily supportive of our requests," she said, noting that Congress approved a separate \$1.4 billion for security in an emergency bill last October.

"They are anxious to work with us on this. But we all have to work within budgetary constraints."

In its request, the State Department said it would seek \$3 billion over five years to fortify and rebuild diplomatic missions abroad, for an average of \$600 million a year.

In their final report last month, the two panels led by Admiral Crowe — one studied the bombing in Kenya, the other the Tanzania case — recommended a much larger budget — \$14 billion over the next decade.

The admiral said the requests by the State Department "suggest a timid approach to the problem — *déjà vu*."

He said that failing to push for more money could cost lives. "We're talking money vs. lives here," he said. "The idea that we cannot outspend the terrorists or defeat them runs counter to our history and spirit."

Admiral Crowe added that he had compared how the Pentagon and the State Department handle personnel. "The military takes better care of its people," he said. "The entire State Department has got to begin taking responsibility for security, and each individual has to do things to improve his own personal security. They've got to start taking it seriously."

New Blow to Democrats Clinton-Moynihan Chat

WASHINGTON — Senator Richard Bryan of Nevada has become the third Democratic senator to announce he will not seek re-election next year, dealing another blow to the party's hopes of regaining control of the Senate in 2000.

"It's time to come home," the 61-year-old told supporters Thursday in Las Vegas.

Only the day before, Frank Lautenberg of New Jersey, 75, surprised Senate colleagues by saying he would not seek a fourth term, explaining that he did not want to spend most of the next two years raising money. Earlier, Daniel Patrick Moynihan, 71, decided to forgo a bid for a fifth term as senator from New York.

Republicans have 55 of the 100 seats in the Senate, but head into the elections next year at a disadvantage because they will be defending more seats than the Democrats, and many of those seats are held by first-term senators who won by relatively narrow margins in the Republican sweep of 1994.

But the three pending retirements will make it harder for the Democrats to hold their existing seats. No Republican senator has announced retirement, although Connie Mack of Florida has not said whether he will run again.

WASHINGTON — Hillary Rodham Clinton met with Daniel Patrick Moynihan on Friday at the White House as she weighed the possibility of seeking his seat.

"It's a private meeting," said Marsha Berry, Mrs. Clinton's press secretary. "That's all we're saying about it."

Mrs. Clinton said that week that she was giving "careful thought to a potential candidacy" for Mr. Moynihan's seat.

A majority of registered voters in New York State — 56.1 percent — maintain she should run, according to a Marist Institute for Public Opinion poll taken Tuesday and published Thursday.

(Reuters)

Representative James Rogan, Republican of California, on Democratic threats to unseat him over his role as one of the most visible of the House "managers," or prosecutors, of the Senate impeachment trial of President Bill Clinton: "I'll wear that bull's eye proudly. Let them go ahead and make an issue of it because I might just end up jamming it down their throat."

(AP)

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(AP)

Quote/Unquote

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(AP)

Away From Politics

• Several abortion clinics across the nation closed for a day after receiving packages with warnings that they contained the anthrax bacterium. The threats apparently were false. (AP)

• Too few Americans over age 49 are regularly screened for colorectal cancer, according to a government study.

• Pesticide residue in most domestic U.S. produce is higher or more toxic than in imports, a Consumers Union analysis found.

(NYT)

The Special Prosecutor's Prosecutor?

By David Johnston
and Don Van Natta Jr.
New York Times Service

WASHINGTON — The Justice Department is considering whether to appoint a special investigative prosecutor to conduct its inquiry into charges of possible misconduct by Kenneth Starr, according to government officials.

One specific proposal discussed in recent days is the appointment of a U.S. attorney, possibly one with solid Republican credentials, who would supervise a team of Justice Department prosecutors and FBI agents, the officials said.

Attorney General Janet Reno has not reached any decision on the matter, the officials said. But in recent days her aides have weighed a variety of options should the attorney general choose to take the investigation of the independent counsel away from the Office of Professional Responsibility, the Justice Department's in-house ethics unit.

The investigation will focus on whether Mr. Starr's prosecutors improperly coerced witnesses, disclosed grand jury secrets to the news media and withheld possible conflicts of interest from

Justice Department lawyers at the outset of the inquiry into Monica Lewinsky's affair with President Bill Clinton.

The discussions at the Justice Department come in response to a recent exchange of rancorous correspondence between department officials and lawyers in Mr. Starr's office. In a letter to Ms. Reno late last week, Mr. Starr criticized what he regarded as unauthorized disclosures to news organizations about the Justice Department's inquiry.

Mr. Starr also suggested that the Justice Department could not be trusted to conduct an unbiased inquiry, the officials said. On Thursday, Charles Bakalyar, a spokesman for Mr. Starr, would not discuss the matter.

Mr. Starr, the officials said, favors an alternate approach that would shift the inquiry outside of Ms. Reno's direct control. Mr. Starr prefers the appointment of a lawyer from outside the Justice Department, someone agreed upon by Ms. Reno and Mr. Starr.

One person mentioned by Mr. Starr as the kind of candidate with the stature to carry out such an inquiry was former Attorney General Griffin Bell, who served under President Jimmy Carter and is 80 years old.

Should Ms. Reno ultimately refer the matter to an outside counsel, it would symbolically bring the Whitewater investigation full circle.

Depending on the precise powers granted to such a counsel, Mr. Starr and his prosecutors could be forced to submit to the kind of intense scrutiny that Mr. Starr has trained on President Clinton and White House aides since August 1994.

Still, it is unclear how much authority would be granted to an outside counsel. There is no provision in the law that permits Ms. Reno to seek an independent counsel to investigate Mr. Starr's operation. But Justice Department officials have concluded that under Ms. Reno's statutory authority, she could appoint a prosecutor with the same power that an independent counsel has to convene grand juries and compel testimony under oath.

But the officials said that the inquiry, as currently envisioned, would more likely be administrative rather than criminal. As such, the maximum penalties if wrongdoing is found would probably amount to reprimands, suspensions or dismissals, rather than felony or misdemeanor charges.

Oregon Lists 15 Legal Suicides in '98

By Sam Howe Verhovek
New York Times Service

SEATTLE — Oregon officials say that in the first year of the only legally sanctioned assisted-suicide program in the world, 15 terminally ill people in the state ended their lives with lethal medication.

The average age of the eight men and seven women who took their lives was 69, the state said Wednesday. 13 had cancer and 2 had heart or lung disease. Fourteen had lived in the state for at least six months and one came to the state to be with a family member.

Eight other people received prescriptions for drugs to end their lives in 1998, but six died from their illnesses before taking the drugs and two were still alive as of Jan. 1.

The Oregon Health Division's official report on the state's Death with Dignity Act was quickly hailed by advocates of doctor-assisted dying as evidence that the law had not led to abuses, botched suicides or a rash among the sick to move to Oregon for the right to be put to death, as critics of the law had contended.

"This law has been seldom and carefully used with no failures, no complications, no

misdeeds, no mistakes," said George Eightyone, executive director of Compassion in Dying of Oregon, a group that worked to get the law passed.

The report said that for some physicians the suicide process had exacted a large emotional toll, but some of the doctors also spoke up Wednesday in praise of the law.

"It was a very positive thing to have people gather around and say their final good-byes and reminisce," said Dr. Peter Rasmussen, a cancer specialist in Salem, Oregon.

"One of the potential advantages is you can plan it — people who have relatives far away can gather everybody together," he said. "I've seen it happen, and it was a very positive, joyful experience."

But far from easing the debate over assisted suicide, the release of the state report seemed only to inflame it.

Archbishop John Vlazny of Portland, the leading Roman Catholic spokesman in Oregon, said that the findings were a cause for "sadness and shame" across the state.

"In allowing assisted suicide to continue, the state of Oregon dismisses the value of human life," he said.

Suicide was briefly legal

in the Northern Territory of Australia, from July 1996 to March 1997, but Oregon is now the only place in the world where doctor-assisted suicide is legally sanctioned.

In the Netherlands, however, it has been practiced for many years, while it is technically illegal there, it is rarely prosecuted. A report in the Journal of Medical Ethics, released Thursday, found evidence of a "slippery slope" in the Netherlands, with many cases of both voluntary and

involuntary euthanasia by doctors going "unreported and unchecked."

In Oregon, an adult of sound mind who has, in the opinion of two doctors, less than six months to live may request authorization for lethal drugs. Doctors may prescribe but not administer the lethal dose. Those wishing to die fill out and sign a single-page form, titled "Request for medication to end my life in a humane and dignified manner."

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SUMMER 1999

A Different Image: Turks See Humbled, Handcuffed Kurdish Rebel on TV

By Stephen Kinzer
New York Times Service

ISTANBUL — Turkish television stations have devoted endless hours this week to rebroadcasts of a three-minute videotape that many Turks had doubted they would ever see.

It showed the captured Kurdish guerrilla leader, Abdullah Ocalan, reviled here for years as "Vampire" and "Baby Killer," handcuffed and sweating in the custody of jubilant Turkish commandos.

The soundtrack was even more astonishing than the pictures.

This towering figure, the focus of one of the world's last Stalin-like personality cults, hero to thousands of Kurdish militants and demon to millions of Turks, a man who has cost Turkey huge amounts of blood and money, and who could reputedly order tortures and executions between dinner courses without the slightest disturbance to his digestion, blubbered like a child.

"I really love Turkey and the Turkish people," the rebel told his captors. "My mother was Turkish."

Later in the videotape, he said: "Sincerely, I

will do all I can to be of service."

Mr. Ocalan was groggy when he spoke, possibly still under the influence of knockout drugs. The video had obviously been heavily cut. Nonetheless, there was no sign of the defiant revolutionary who had vowed for years to lead his people to liberation or death.

For Mr. Ocalan's friends and enemies alike, these scenes could not help but raise the question of what will happen to the Kurdish nationalist movement now that its most visible leader has been captured.

Much will depend on whether Turkey's leaders feel able to move away from the myielding positions they have held in the past, insisting that there is no such thing as a Kurdish minority and that allowing the emergence of moderate Kurdish groups is intolerable because such groups only stoke the fires of separation.

Several times in recent years, Turkish politicians have sought to challenge this orthodoxy. The first was President Turgut Ozal, who claimed Kurdish ancestry himself and said he was committed to making cultural concessions to Kurds. The established elite was horrified, believing that

Mr. Ozal was opening a Pandora's box of troubles, and his policies were quickly discarded after his death in 1993.

Later, Prime Minister Tansu Ciller, returning from a meeting with Prime Minister Felipe Gonzalez of Spain, told reporters that Turkey might give Kurds autonomy along the lines of the Basque model.

She was so sharply reprimanded by military commanders that she not only retracted her suggestion but also denied ever making it.

More recently, Turkish business leaders have urged a new approach. In 1997, the principal business association here issued a report proposing that Kurds be allowed to give their children and their villages Kurdish names, to use and teach Kurdish languages as they pleased, and to be allowed to form their own political parties and associations. Military and political leaders angrily rejected the report.

Mr. Ocalan's capture in Kenya last week reopens this debate. The operation was a tremendous victory for Turkey. Now Turkish leaders may ask themselves how to make that victory complete, how to wean Kurds away from violence once and for all.

"Kurdish self-awareness is expanding and will not go away," two American specialists, Henri Barkey and Graham Fuller, asserted in a study last year. "Realistic solutions are ones that satisfy Kurdish aspirations without truly threatening a modern democratic Turkey."

"Violence can be undercut only when Kurds realize that they have clear reason for hope for progress using other means," their study asserted. "Acceptance of the cultural diversity of Turkey should not be taken as a reflection of the country's weakness."

In the past, many Kurdish politicians have functioned as more or less open supporters of Mr. Ocalan and his rebels.

Among them is Leyla Zana, an imprisoned former member of Parliament who has received a peace prize from the European Parliament and is a symbol of Kurdish militance. She asserted in a recent statement that Kurds considered Mr. Ocalan's guerrilla group to be "their tongue in their ears, brain and very blood — their hearts and veins."

Other Kurdish politicians, however, have distanced themselves from guerrilla violence. One is Hasmim Hasimi, who was mayor of the embattled

Kurdish town of Cizre and is now a member of Parliament.

Mr. Hasimi's views are about as close to Kurdish nationalism as is possible within the limits of Turkish legality. Besides arguing for Kurdish rights, he listens to cassettes of Kurdish folk songs in his car and, when at home, watches the pro-guerrilla satellite-relay MEB television station, which is based in Belgium.

Last week, he expressed the hope that Mr. Ocalan's capture might prove a turning point.

"This is a chance for Turkey to make the transition to full democracy," Mr. Hasimi said. "We need to let people enjoy their own cultural identities and to renounce all forms of ethnic discrimination. Turkey shouldn't be afraid of its own people. We need to grab this chance for peace with the same audacity we used in grabbing Cizre."

"Over the last 15 years, we've had 30,000 people killed and many others missing. There has been mass emigration from the Kurdish region. Many villages have been deserted. But I believe that our society will be able to put this all behind us. The feeling of brotherhood is still very strong here. We are going to live in peace again."

MiG-21 Sends A Message to U.S. Monitors In Kosovo

By Steven Erlanger
New York Times Service

BELGRADE — As U.S. monitors of Kosovo's fragile cease-fire prepared to pull out of Yugoslavia before a Western deadline of Saturday noon for a peace settlement, a Yugoslav MiG-21 flew a low barrel-roll on Friday over the Americans' headquarters.

The MiG was no more than 500 feet above the roof of the Hotel Herzegovina in Kosovo Polje, just outside Pristina. "It's just a 'Hi, how are ya? We know you're there' from Milosevic," an American diplomat said, once the noise faded.

As the Yugoslav president, Slobodan Milosevic, pondered the West's threat of air strikes and rebuffed a visit from the American envoy, Christopher Hill, American and Western diplomatic and aid personnel began to leave Yugoslavia.

In an anxious Belgrade, citizens went about their normal business.

But a senior Western official said the situation was becoming dicey, "and the prospect for bombing is taking on a kind of momentum, especially from the Americans."

He said that Mr. Milosevic "appeared to be unsure of what to do."

But bombing is not expected immediately after the deadline, another senior diplomat said, but could follow within a day or two, and he did not rule out a visit



British soldiers based in Macedonia training on Friday as they prepared for a possible mission into Kosovo.

here on Saturday morning from the British and French foreign ministers, Robin Cook and Hubert Vedrine, possibly joined by a reluctant Secretary of State Madeleine Albright.

Still most Western diplomatic personnel prepared to leave Belgrade on Saturday in a coordinated departure designed to underscore the seriousness of the threat — and to avoid possible retaliation or hostage-taking from angry mobs or police if bombing does occur.

In what the American Embassy called an "authorized departure," meaning the paid travel out of the former Yugoslavia for most diplomats and non-essential embassy personnel, about 65 percent of

the staff were ready to leave Saturday. Sensitive equipment and files have already been moved out or packed, and the top American diplomat in Belgrade, Richard Miles, visited Yugoslav officials on Friday to remind them of their obligations to protect foreign diplomats and embassy buildings under the Vienna conventions.

All official American personnel in Kosovo, including the six or so diplomatic personnel still attached to the American Kosovo Diplomatic Observer Mission, left, mostly for the short drive to Skopje, the capital of Macedonia.

They were joined by large numbers of aid workers from international agencies

like the International Rescue Committee and Catholic Relief Services, easily recognizable in the big white four-wheel drive vehicles that normally crowd Kosovo's narrow roads.

The aid agencies were leaving skeleton crews in Kosovo.

The U.S. Information Service office in Pristina was empty except for security guards, and the USIS office in Montenegro was also closed.

While American diplomats had said it would be "the wrong signal" to leave before the Saturday deadline passed, they were ordered to do so anyway.

On Friday night, the so-called verifiers of the Organization for Security and Cooperation in Europe had an evacuation exercise, packing their bags and leaving from the dreary, Soviet-style Grand Hotel in Pristina, before returning less than an hour later.

But the 1,200 or so verifiers worked normally during the day across Kosovo, and organization officials said that they were still hopeful for a deal. If not, the order to leave Kosovo might come only on Sunday, the officials said. The verifiers are reluctant to leave, believing that they provide a measure of protection to the ethnic Albanians in Kosovo from Serb security forces.

Serb forces on Friday were more in evidence in Kosovo, in an apparent show of force, similar to the MiG barrel roll.

In Belgrade, Canadian diplomatic families packed into cars and headed for Budapest. The Canadians were leaving their visa office open, however. Staff in the Dutch Embassy left, as did the non-essential British staff and the families of British diplomats. Ordinary Western citizens were advised to leave Yugoslavia by all their embassies.

There was a similar draw-down last October, when NATO also threatened to bomb Serbia. That threat was defused by an agreement between Mr. Milosevic and the American envoy, Richard Holbrooke.

But Serb violations of that agreement, including alleged massacres of ethnic Albanian civilians, have brought this latest crisis to a more decisive moment, with Kosovo's future hanging in the balance.

Albanians on the streets of Pristina expressed concern Friday about Serb retaliation against them if NATO bombs and no Western verifiers are in place to at least witness what happens.

On state television Friday night, Mr. Milosevic told a visiting Cypriot delegation: "Threats of bombing our country if it does not allow foreign occupation of its territory should be a warning for the whole world. This should be a warning for everyone who cares about peace and freedom."

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"Once he got into our country, we were morally obliged to shelter him."

He paused, and added a more practical approach: "The mistake was letting him in. There was no moral obligation until he set foot here."

Rather, they bemoan Greece's weakness, first in failing to prevent Mr. Ocalan's supporters from bringing him into Greece clandestinely and then for landing him in a Turkish prison, facing the possibility of a death sentence.

Again, they view it as a failure that has more resonance to Greeks than to anyone else.

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KOSOVO: Rebuff by Milosevic Puts a Cloud Over the Peace Effort

Continued from Page 1

group plan." The six-nation Contact Group — made up of the United States, France, Britain, Germany, Italy and Russia — organized the peace conference that is limping to an apparently fruitless end in Rambouillet, outside Paris.

Rumors swirled that the negotiating clock would be stopped before noon on Saturday to extend the chances for a deal. But a senior American official said that would be possible only if there was broad agreement on the two key elements of the proposed settlement for the year-old war in Kosovo:

* Yugoslavia's willingness to permit as many as 30,000 foreign troops to



CALL FOR A CAPITAL — Yasser Arafat meeting with Pope John Paul II in Rome, where Mr. Arafat said Friday at a UN conference that a Jerusalem without walls or barriers could be the capital of two states.

supervise the settlement on the ground in Kosovo.

* Acceptance of autonomy and self-rule, short of immediate independence, for the 2 million Kosovars, all but 10 percent of whom are ethnic Albanians.

Mr. Hill, who is the principal Western interlocutor with Mr. Milosevic, was preparing to brief Secretary of State Madeleine Albright, who was to arrive in Paris from Washington.

Strong Warning by NATO

William Drostak of The Washington Post reported from Brussels:

The NATO allies gave their strongest military warning yet to Yugoslavia on Friday, stating that its refusal to accept

an international peacekeeping force in Kosovo could trigger a massive bombing campaign that would devastate the country's air-defense system.

On the eve of the deadline set for a Kosovo peace deal, ambassadors from the 16 member states approved a declaration saying the alliance is "ready to take whatever measures are necessary" to persuade the Serbs and the Kosovo Albanians to achieve a settlement, based on the agreement put forward the six-nation Contact Group.

Senior NATO diplomats said the defiance shown by the Serbs had shifted momentum toward what they called the "negative scenario" of a collapse in the peace talks and punitive bombing raids

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Continued from Page 1

cloud remains limited. European economic growth has slowed while American growth has defied predictions and surprised once again.

Indeed, the euro has weakened steadily against the dollar. The extent of the slide has surprised many experts as well as European Central Bank officials, but it reflects the economic weakness.

The Bundesbank estimated Friday that the German economy contracted by 0.4 percent in the fourth quarter of 1998, largely because renewed financial turmoil in Asia and Latin America severely hurt exports. Last week, the Italian government reported a sharp decline in the nation's industrial production.

If the European economy slows down more than it has already, she said, the bank might have to raise interest rates to support the euro's value, a move that would slow the economy even more.

Officials at the European Central Bank adamantly argue that trying to coordinate exchange rates would play havoc with normal economic policy. Such attempts would inherently clash with the bank's primary responsibility to preserve price stability, they argue. In addition, they warn, it could force the bank into perverse decisions.

"If we stabilized exchange rates, we would end up with interest rate swings, and those are even more damaging than exchange rate swings for investment activities and the credibility of monetary policy," Sirka Hamalainen, a member of the central bank's board, said in a German newspaper interview published Friday.

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But European finance ministers are also divided over basic monetary

Bangladeshis Link bin Laden to Local Imitators of Taliban

By Kenneth J. Cooper
Washington Post Service

DHAKA, Bangladesh — The reputed terrorist Osama bin Laden has financed at least one Muslim militant group that aims to transplant Bangladesh's extreme brand of Islam that the Taliban militia has enforced in most of Afghanistan, security officials here say.

The close neighbors of Afghanistan, Iran, the former Soviet republics of Central Asia, India, Pakistan and China have worried that the Taliban would attempt to export militant Islam to their countries.

But the leap across the Subcontinent from arid Afghanistan to lush, humid Bangladesh with the help of Mr. bin Laden, the Afghan-based Saudi exile suspected of masterminding the bomb-

ings last year of two U.S. embassies in East Africa, caught officials in this capital by surprise.

Security officials said they had not been aware of the Bangladeshi group that Mr. bin Laden financed, Harkat ul-Jihad, until last month when three of its members unsuccessfully tried to kill a leading Bangladeshi poet with an ax.

Two attackers were arrested Jan. 18 at the poet's home in Dhaka, and the police later detained 16 additional suspects in a crackdown in the capital, a suburb and the southern port city of Chittagong. The top two leaders of the group escaped and fled the country.

Some suspects have told the police that one of the fugitives, Abdul Hye, a Muslim cleric from Chittagong, received funds directly from Mr. bin Laden.

"They said, 'Our chief is linked up

with Osama bin Laden,'" a security official said.

A local newspaper said Mr. bin Laden had funneled \$1 million to the group through four bank accounts in Dhaka. The police confiscated the equivalent of \$1,650 in Bangladeshi currency during a Jan. 19 raid on the small Dhaka apartment where Mr. Hye had lived for three years.

Security officials said other suspects also had identified one of the men arrested, a South African of Indian descent, Ahmed Sidiq Ahmed, as a "personal friend" of Mr. bin Laden. A Pakistani also was detained.

The allegations surrounding Harkat have emerged at a time when events in Bangladesh are drawing the attention of international counterterrorism agencies whose efforts are directed against Mr. bin Laden.

In December, the Indian authorities detained a Bangladeshi, Sayed Abu Nasir, a member of another fundamentalist group, after he told U.S. officials of a plan allegedly supported by Mr. bin Laden to bomb U.S. diplomatic missions in India. State Department officials have not substantiated Mr. Abu Nasir's statements.

In addition, local newspapers have reported that Mr. bin Laden visited Bangladesh in recent years. Government officials have said they have no way of confirming such a visit because Mr. bin Laden's name was not on an immigration watch list.

Although Bangladesh is predominantly Muslim, government officials and Western diplomatic sources say a violent movement styled after the Taliban would have a hard time taking root there.

"Bangladesh's is a kinder, gentler

form of Islam than what you see on the other side of the Subcontinent," a Western diplomatic source said.

As evidence of Harkat's limited capacity to carry out violent operations, security officials cited the botched attempt to kill Shamshur Rahman, 70, whom some critics regard as the best living poet in the Bengali language. Mr. Rahman's wife, daughter-in-law and maid managed to ward off the three attackers inside his home. Besides the small ax, the attackers carried a single-shot, homemade rifle they never had a chance to fire.

"These people are not well trained," the security official said.

During interrogation, the two attackers in custody said Harkat had planned to kill Mr. Rahman and three other intellectuals because of their liberal beliefs.

Having Faith in Education

Hindu Leaders in India Assail Christians, But Still Send Children to Church Schools

By Celia W. Dugger
New York Times Service

denied Christians for trying to demolish India's Hindu way of life.

Mr. Shah narrated a version of an anecdote that Mr. Patel and others have repeated as evidence of the missionaries' nefarious intentions.

Mr. Shah said he had heard that it happened like this: A group of children, accompanied by nuns, were on a bus when the driver suddenly stopped and locked the door. The sisters asked the children what God they believed in and they replied that they were Hindus.

So the nuns suggested the children pray to their Hindu God to start the bus. The motor stayed silent. Then they suggested the Muslim children pray to Allah. Still the bus did not start. Only when the children prayed to Jesus Christ did the driver turn the ignition key.

"They try to convert the small children," Mr. Shah said indignantly. "They mentally prepare them to believe that the only God on earth is Jesus Christ."

Mr. Shah never volunteered that his twin 7-year-old daughters attend Mount Carmel, run by Sister Prescilla Lobo of the Apostolic Carmel Congregation.

"It's very near to my residence," explained Mr. Shah, who was a bit flustered when asked where his children went to school. "In education, the Christians do very well."

Most parents, after all, want a good education for their children, whatever their politics, be they rich or poor, Hindu, Muslim or Christian.

While the fear that children may lose their family's religious faith is common in many cultures, Christians have made few inroads in India, even though they have been here for more than a millennium. And in recent years, there has been no complaint of forced conversions filed with the police, according to Gujarat's home secretary, V.V. Rama Subba Rao, who sent his own children to Catholic schools.

The principals and teachers in Gujarat's Catholic schools say they do not seek to convert children. They call the recent attacks on Christians a cynical ploy to stir the passions of Hindu voters against a small minority.

Christians make up less than half of 1 percent of Gujarat's population of 40 million and 2.3 percent of the nation's 960 million people, but they have influence beyond their numbers because of their role in educating the nation's mostly upper-caste Hindu elite — and increasingly its most disadvantaged, low-caste and tribal children as well.

There are 4.8 million students attending 15,000 Catholic schools in India, in addition to the 5,000 to 6,000 in Protestant schools. The Communist leader in West Bengal, Jayoti Basu, and the country's home minister, L.K. Advani, a Hindu nationalist firebrand, have one thing in common: They were educated in Christian schools. So was a daughter of the Sonia Gandhi, president of the Congress (I) Party.

Mr. Patel declined to be interviewed, but his daughter-in-law, Manjubaben Patel, confirmed in a brief telephone interview that she and her husband live in a traditional, extended family with the chief minister and that her son goes to Mount Carmel, a Catholic school here.

Mr. Patel's grandson is far from alone. The children of the ministers of Transport, Fisheries and Youth Services and the chairman of the State Finance Corporation — all elected state legislative assembly members from the Bharatiya Janata Party — also attend Catholic schools.

In a recent interview, Transport Minister Bimal Shah described what he said were the connivances Christians used to convert low-caste children. Behind him was a portrait of the leader of the Hindu nationalist group that spawned the Bharatiya Janata Party, the late Madhav Golwalkar, who con-

tinued from Page 1

United States should strengthen its regulation of the industry.

Industry representatives respond that cruise lines adhere to strict international environmental and safety standards that are enforced by the International Maritime Organization, a regulatory agency affiliated with the United Nations. And they say immunity from U.S. taxes is a long-recognized element of international law on ocean-going trade.

Cruise lines pay more than \$66 million a year in fees to American ports, as well as other taxes and fees, according to the industry. And a new study done for the industry found that cruise lines bought \$6.6 billion worth of U.S. goods and services in 1997, generating 176,433 jobs.

"We generate billions of dollars every year here in the U.S. economy and the United States is a major beneficiary of our industry," said Cynthia A. Col-

gan, president of the International Council of Cruise Lines, which represents the 17 major cruise lines.

While these cruise lines have prospered, however, the U.S. maritime industry has fallen on hard times. Efforts are under way to develop an American flag cruise industry, but American shipping companies that must pay U.S. taxes and wages face serious disadvantages.

If Carnival were paying taxes at the 35 percent rate, it would have paid about \$700 million in taxes to the United States over the last three years on \$2 billion in net income.

Instead, Carnival is registered in Panama, which does not impose a business income tax, and the company paid a total of only \$1.5 million in income taxes.

— on the earnings of one division, which has hotel and tour operations in the United States and so is not exempt from taxes.

The tax break is in a section of the Internal Revenue Code that exempts foreign corporations' income from ships and aircraft from taxation, if the country in which the corporation is organized offers the equivalent exemption to U.S. corporations. The rules were set up to promote international shipping and air travel.

Cruise companies have been able to take advantage of the provision by registering in small countries like Liberia, Panama and the Bahamas, which do not impose a corporate income tax.

Foreign-registered cruise lines also pay workers far less than their U.S. counterparts. Their crew members, who are mainly from developing countries, routinely work for as little as \$400 a month, according to a survey last year by Seafarers' House, a nonprofit agency that ministers to workers at Florida ports.

CRUISE: Highly Profitable Companies Pay Very Little in Taxes

Continued from Page 1

major advantage of the foreign-registered cruise ships: While they earn their profits from the United States, they avoid nearly all taxes by registering as foreign corporations and sailing under foreign flags. They also build their ships overseas.

"These companies don't pay any of the taxes or live with any of the associated costs of operating a safe vessel and paying a decent wage," said Representative Gene Taylor, a Mississippi Democrat whose district includes shipbuilding companies. "And it is absurd to allow them access to the American market free of charge."

This month, two Democrats in the House initiated an investigation by a House committee into illegal dumping of oily waste and other pollutants by cruise ships, to determine whether the

United States should strengthen its regulation of the industry.

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Japanese Publisher Postpones 'Nanking'

The Associated Press

TOKYO — The release of the Japanese translation of the U.S. best-seller "The Rape of Nanking" has been postponed because of controversy over its depiction of Japan's wartime brutalities in China, the Japanese publisher said Friday.

"The Rape of Nanking," by Iris Chang, is an account of what historians have widely characterized as the slaying and rape of thousands of civilians by Japanese soldiers in the city now called Nanjing.

The book was originally scheduled to be published in Japan by the end of February, the Kashiwa Shobo staffer said. The publisher and Miss Chang were continuing talks, and the company plans a news conference next week to announce the postponement, he said.

Shobo Publishing Co.'s revision of a portion of the book, an editorial staffer at the company confirmed.

Some nationalists in Japan have accused the author of exaggerating Japanese actions during Tokyo's invasion and occupation of much of China in the 1930s and 1940s. The book has also faced criticism in academic journals and from government officials.

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BIG GOVERNMENT

By Ev Ehrlich. 278 pages.

\$25. Warner.

Reviewed by Jonathan Yardley

THIS first novel, described

by its publisher as "a burlesque of American politics," is an agreeable surprise. One

would hardly expect

Ev Ehrlich,

whose entire career has

been spent in politics,

government and business — in

cluding four years as under-

secretary of commerce in the

Clinton administration — to be

a novelist at all, much less

as moderately polished one,

but this is fact is what he turns

out to be. "Big Government"

is not (again to quote its pub-

lisher) "the funniest literary

debut since Christopher

Buckley's," but on its own

terms it is fine.

Its strengths lie in its au-

thor's knowledge of, and deep

cynicism about, the workings

of political Washington. His

plot is tangled to excess, and his characters rarely struggle

out of their cardboard con-

tainers, but he has a keen eye

for the hypocrisy, oppor-

tunism and utter lack of con-

science that drive the engi-

neering of the city's major indus-

tries. Beyond that, having done

more than his share of time in

the bureaucracy, he has an

equally sharp nose for the

bizarre contortions of law and

regulation, and he can be quite

amusing in spoofing them.

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By Ezra T. Wheeze. 278 pages.

\$25. Warner.

Reviewed by Jonathan Yardley

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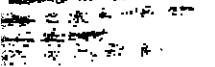
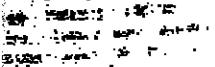
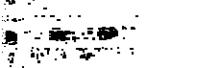
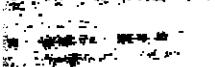
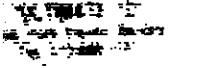
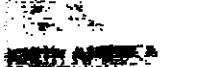
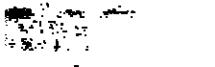
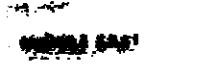
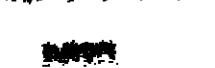
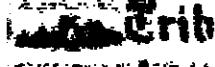
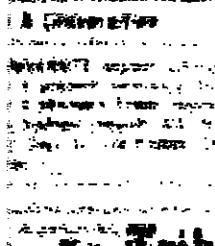
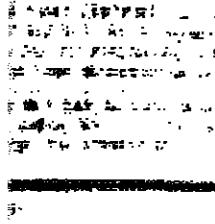
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ART

Dr. Gachet, Friend to the Painters

By Souren Melikian
International Herald Tribune

PARIS — Uncritically selected, badly hung and miserably lighted, "Le Docteur Gachet," on view at the Grand Palais until April 26, is not quite the grand show that the catalogue subtitle, "Un ami de Cezanne et Van Gogh," would lead one to expect.

But it is a great story, even if it has to be read through the lines of a turgid catalogue. Above all, it yields a rare insight into the history of early Impressionism as seen through the eyes of a collector who saw it come about, thrive and change radically — Paul Gachet.

There were two sides to the personality of this remarkable physician. There was Dr. Gachet, the bourgeois born in the northern French city of Lille in 1828 into a well-to-do manufacturing family, who did well at school, performed excellently as a medical student, and got all the right introductions that ensured a brilliant professional career.

And there was Gachet, the fearless, unconventional, passionate man. He was a mere 12 years old when he jumped from the top of the Lille rampart into a moat, damaging his ankle for the rest of his life. A year later the teenager rushed into a blazing building to rescue trapped horses, leading the last ones out as the burning roof crashed behind him. Nor was this mere boyish recklessness. Gachet was 26 when a cholera epidemic broke out, and he volunteered to treat those hit by the disease. Gachet was smitten but survived.

He was still in his teens when art attracted him. A friend, Ambroise Derrez, later professor at the Valenciennes Academy of Art, taught him to draw in watercolor. Through Derrez, Gachet

might have succumbed to kitsch painting. Instead, he went the other way. As his medical studies drew to an end, Gachet began to meet artists who did not belong to academically approved schools. He became friends with Paul Gauguin, a Provencal painter.

In 1858, the year he obtained the prestigious degree of *docteur en médecine*, Gachet paid a visit to Charles Meryon, the masterly engraver. Another visit to a famous artist's studio, that of Gustave Courbet, whom he saw in 1861, gave him the first taste of the modern art that was brewing in France.

The true turning point was probably the 1863 Salon des Refusés, the Salon of the Rejected Painters. Edouard Manet, in particular, made a profound impression on the 35-year-old physician. The painter's cool, clinical appraisal of the French bourgeois touched a chord with the doctor, who saw them daily as they were. In 1868, Gachet, age 40, married a woman for whom he conceived a burning passion, Blanche Elisabeth Castets.

War was in sight. It broke out in 1870, pitching France against Bismarck's Prussia. True to type, Gachet left his house at Villemonble near Paris only in May 1870, as enemy shells were falling on every side. Instead of running away, he went to Paris. There he spent the grueling months of the Prussian siege, the revolutionary upheaval of the Commune and the bloody, blind repression that followed under Thiers, with its 20,000 executions.

He worked as a front-line doctor with the National Guard and, later, as a forensic doctor with the municipal authorities. When it was all over, his medical services during the Paris siege were formally acknowledged.

Gachet went back to his practice and to art. On April 9, 1872, he bought at Auvers, near Paris, a house that would become famous in art history as "la maison d'Avvers." Armand Guillaumin, a major figure in the early phase of Impressionism, was his first guest. And soon after Gachet bought pictures from him, from Cézanne, and other paintings from dealers. This is where the show, so far lethally academic in its first two rooms lined with daubs in the name of historical interest, suddenly becomes scintillating.

As his eye travels from Guillaumin's "Chemin creux (effet de neige)," dated October 1869, to "Peniches sur la Seine à Bercy" (1871), to "Soleil Couchant à Ivry" of 1872 or to Cézanne's "La Maison d'Avvers," dated 1873, the viewer finds himself wondering whether what is traditional held to be the epitome of Impressionism — the hazy landscapes and scenes in which outline melts into light effects — was not a prolonged parenthesis rather than the transition to modern art.

"Soleil Couchant à Ivry" with its strong brownish-orange streaks over the horizon, its small harsh black roofs in the distance and its simplification of detail ties in with the later Van Gogh.

The schematic handling of "Peniches sur la Seine" with its expressiveness of form and color — blackish brown, pearl gray and ochre — offers a premonition of the 20th century. So does the "Chemin creux" with its rhythmical patches of milk-white and pearly-gray snow, or the startling effect of brown black (the leafless tree) against the bluish white of the sky. Cézanne's landscape and one of his still lifes have vibrant strokes that seem to herald the later Van Gogh.

One can see how a collector who

loved these would eventually respond to Van Gogh. Equally telling is Gachet's choice of a marvelous Pissarro view of "Chênes à Louveciennes" done in the winter 1871-72. Again, this anticipates much of the expressiveness of trees in Van Gogh's oeuvre with its gnarled branches in blackish brown hemmed by white snow. Van Gogh, indeed, loved it when he saw it many years later in Gachet's house.

THE DOCTOR also sought a different kind of picture. Pissarro's superbly composed "Route de Louveciennes" dated 1872 has a subtle perspective and nuances in its light effects that owe much to the century-old tradition of European landscape painting.

The same is true of Alfred Sisley's "Vue du Canal Saint-Martin." Done in 1870, it has a shimmering water surface curiously similar to Pissarro's country road under snow. But it is the kinship in the atmosphere that is most telling. All these landscapes where humans are scarce and black leafless trees rise in pale wintry light speak of cold solitude.

Typically for Gachet, the only Renoir in the show is somber, painted in the same tones — black, white, some brown. It is an oil sketch of a young woman, a



Armand Guillaumin's 1872 oil "Soleil Couchant à Ivry."

model, on whom the doctor called at Renoir's request. She was fatally ill and died shortly after.

Did the dark mood of Gachet's masterpiece echo his own? His beloved wife, who had been declining, became severely ill in 1874 and died a year later. Gachet never got over his grief. When Van Gogh came to see him at Auvers on May 20, 1890, with a letter of introduction from his brother, Theo, the painter was struck by his distraught appearance.

"This man is at least as severely sick as I am myself," he wrote to Theo. The two men locked up in their sol-

itary despair, took to each other in a manner of speaking. Van Gogh, who settled in Auvers, let Gachet have a replication of his famous self-portrait. He painted the "Eglise d'Avvers" in which the church sways and swings against the deep blue sky and Gachet bought that.

For Van Gogh, it was too late. On July 27 he shot himself. Gachet made an oil sketch of the artist on his death bed. It was one of his best, a purely Expressionist work, as if the sight of his new friend lying dead had given him the intuition of the gloomy modern art that emerged a decade later.

NEW YORK FASHION

A New Spin On Americana Big Country in the Big Apple

By Suzy Menkes
International Herald Tribune

NEW YORK — They are the fashion equivalent of apple pie: cowboy clothes from the Wild West or the Big Country's folksy looks. The shows that are defining the New York fall season are about reinforcing an American identity, but with the familiar iconography given an ironic spin.

Paradoxically, the blankest statement came from Ralph Lauren — the designer who has made jeans and cowboy boots his personal trademark and put Western culture on the high-fashion map, yet this season just produced sparse clothes in bright felted fabrics.

Michael Kors, in a strong collection, invaded Lauren's territory, showing dashing scarves, densely beaded belts and sleek separates in suede and leather. He called his luxurious take on cool cowboys "Sundance chic."

The secret of giving Americana new fashion life is to take nothing too literally. Kors made the core of his collection the simple sportswear he does so well. He added subtle plays on the western theme: blanket stitching on suede pants, chevron needlepoint patterns on a belt, a pony-skin skirt and leather-bound ponytails for the models.

Sometimes there was a suggestion of desert colors in a golden sable sweater or in brown tones streaked with sunset orange, or a coyote was used as a funky fur vest. Occasionally the theme got heavy-handed as in riding skirts buttoned at the back.

But Kors mostly showed a sureness of touch and a sense of humor. Maybe his newfound confidence comes from the one-third stake he took this week in his American company by Moët Hennessy Louis Vuitton, for whom he designs for Celine in Paris. Hélène Arnault, wife of LVMH president Bernard Arnault, sat in the front row to endorse the Franco-American New Deal.

Lauren's collection was deeply felt. But that is not to say that there was the fashion warmth and emotion expected from the designer — rather an overdose of fated fabrics sculpted into stiff double-faced coats and jackets. They were dead plain, with barely a clasp or a fastening to break the precise lines.

But there was color. It was as though Lauren had surveyed his collection of classic sports cars and spray painted his outfit from head to toe. And in unforgiving colors: cyclamen, tangerine, chrome yellow, racing green. Occasionally the monochrome look worked, as in a soft blue skirt and jacket over a matching close-fitting turtleneck. Mostly, it looked contrived — and the contrary to the relaxed ease of current style.

Anna Sui refreshes each season her wellspring of inspiration from the hippie era. A gauzy film featuring a young Bob Dylan, Peter, Paul and Mary and a rapt and innocent public at a 1960s folk concert was the backdrop to a parade of folksy clothes, worn by earnest young models carrying music cases.

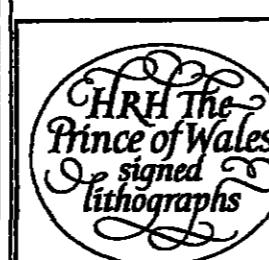
Sui's smart take was to show these eclectic down-of-the-hippie-era clothes in complex mixes of texture and pattern, mainly in black and white. Used on simple silhouettes, they displayed the designer's depth of fabric research in a clean, fresh way. Once a color arrived, the clothes had that more familiar (yawn!) retro, flea market look.

Designer Kevan Hall turned to modern architecture to redefine the minimalist look of his Halston collection. The best of the evening wear show caught, in lounge-beaded surfaces or in fabrics with a rich patina, the sense of skyscrapers refracting sunlight. But if all seemed too literal when cutouts opened air vents on the body, seams were marked like joists and straps suggested hoists, turning the body into a construction site.



Ralph Lauren's stand-away herringbone cashmere.

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EDITORIALS/OPINION

Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST**Don't Protect Gadhafi**

There is movement in the diplomatic effort to bring two Libyan intelligence operatives to trial for bombing Pan Am Flight 103 out of the sky—at the loss of 270 lives, including 189 Americans—over Lockerbie, Scotland, in 1988. The two would be tried in the Netherlands under Scottish law and, if convicted, would serve their sentences in Scotland. One, if not the principal, dispute now holding things up is said to arise from Muammar Gadhafi's insistence that the trial be limited to the acts of the suspects and not be allowed to move into any official Libyan involvement.

Not everyone is convinced that Libya is the likeliest author of this crime. Iran has also been named. Nor is it clear, at least to the broad public, exactly what sort of evidence is available. Colonel Gadhafi nonetheless in recent months has seemed ready to bargain out the terms of a trial. He may doubt the evidence is there for conviction. Or he may be in a position to order his agents to accept whatever verdict may eventually be handed down.

In any event, the international context in which the United Nations and interested governments are mulling a

trial is subtly changing. The atmosphere is no longer dominated by demands for justice and punishment from the United States and Britain and the victims' families. The passage of a decade has moved the issue partly into a judicial realm where considerations of commerce and political wheeling-dealing are at play. European countries are looking to remove the economic sanctions now in effect against Libya. President Nelson Mandela of South Africa feels he owes Colonel Gadhafi a political debt for his support in the struggle against apartheid.

The central purpose remains to establish responsibility for an atrocious crime. It would be good for a court to take custody of the two suspects and give them a fair public trial.

But if the two are simply the scapegoats Colonel Gadhafi is offering up to buy relief from sanctions, then the United States cannot lend itself to an effort to shield him from inquiry into any responsibility he may have as the author of the murder of 270 innocent people. Why, if he is responsible, should he not be tried?

—THE WASHINGTON POST.

Rebuilding After Mitch

The television cameras have moved on, and the first wave of disaster-inspired donations has crested. But Central America is only beginning to dig out from the hurricane designated Mitch, which the White House on Tuesday described as "the worst natural disaster ever to strike the Western Hemisphere." So President Bill Clinton's proposed \$1 billion relief package is timely, and early indications of congressional cooperation are encouraging. U.S. national interest calls for helping Nicaragua, Honduras and their neighbors.

Even before Mitch struck last autumn, roughly half of all Nicaraguans and Hondurans lived on a dollar a day or less. Now it may take years for them to recover even to that level of poverty. Mitch caused more than 9,000 deaths and devastated the farms on which many Central Americans depend, the roads on which they transported their harvests and the homes and schools and hospitals that sustained them.

Mr. Clinton's \$956 million proposal will not solve Central America's problems. It would represent only about 17 percent of worldwide assistance pledged so far. It includes a fair amount of repayment to the Defense Department for help already rendered. But even with those caveats, this is a sub-

stantial proposal that will offer real help. It moves from short-term disaster relief to long-term reconstruction. It focuses on rebuilding schools. It gets small farmers and businesses with micro-loans, seeds, tools and technical assistance. It emphasizes environmental management, so that the next storm will not be so destructive.

A package of this size will call for continual monitoring, given the dangers of corruption. Care will have to be taken, especially in countries as politically polarized as Central American nations remain, that aid is fairly distributed and local civic institutions are involved. Washington should offer more debt relief, and it could provide much more assistance through its trade and immigration laws. But it makes sense to separate such potentially contentious issues from this package to win quick approval.

Much of Central America has spent this decade building democratic institutions and otherwise recovering from chaotic civil wars. Mitch has set back the process but not derailed it. The world offers enough examples of how costly the failure of democratization and the implosion of states can be. Aid now is a wise investment as well as a humane one.

—THE WASHINGTON POST.

Ecuador's Right to Sue

In 1964, Ecuador invited TexPet, a subsidiary of Texaco, to drill for oil in the Amazon rain forest of the country's east. Texaco and Ecuador's government, its partner, made Ecuador into a major oil exporter—but at a price. Now a group of indigenous people who live in the rain forest are suing Texaco over environmental damage, which they say has contaminated their water, killed their food supply and caused disease.

The question before U.S. District Judge Jed Rakoff is whether he should hear the plaintiffs and hear the case in Manhattan—Texaco is based in nearby White Plains—or send it to Ecuador, as Texaco prefers. Judge Rakoff dismissed the suit once, but it was reinstated by an appeals court. Now he should allow the case to be heard in the only forum that can provide a fair trial and enforce penalties, an American court.

The plaintiffs contend that the practices used in disposing of waste oil and oil-contaminated water caused skin and respiratory infections and other diseases. While there has been no major scientific study of health conditions, researchers from the Harvard School of Public Health, whose work was financed in part by the plaintiffs, found that the local water contains dangerous levels of carcinogens.

Environmental damage is visible—the soil is covered with a salty crust and dotted with viscous black pools, which sometimes overflow or burn and fill the air with black particles. Residents say the aquatic animals they used to eat have died and that child malnutrition is widespread. Texaco questions the validity of the studies and maintains that some of the destruction may be due to the influx of people to the zone as it developed economically.

—The Economist (London).

Other Comment**An International Problem**

The Kurdish problem has now, de facto, been internationalized. Taking matters further, the European Union, with American backing, could offer a forum for Turks and Kurds to seek a compromise involving Kurdish influence in southeastern Turkey, if that is what the Kurds want.

For the moment, the Turks will reject such an idea. But the Kurds will not go away. If they are not to have a state, they deserve at least a modicum of self-government and justice.

—The Economist (London).

Herald Tribune

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Kosovo Is Only Part of the Problem in the Balkans

LONDON — Almost regardless of what may be decided this weekend at the peace conference on Kosovo, there will be no lasting peace or democracy in southeastern Europe until the NATO allies have a fundamental policy for the entire region. Bombing, which the allies are threatening, may actually reinforce each side's positions in the Kosovo conflict. Moreover, establishing peace and democracy in only one area such as Kosovo—as Western countries are currently planning—will only be of very limited value.

The Balkans have never been amenable to easy solutions imposed from outside. Even at the height of the Cold War, the Soviet Union gradually lost control over Yugoslavia, Albania and Romania, while the West barely contained the perennial Greek-Turkish disputes, despite the fact that both countries were NATO members and therefore, at least formally, allies.

Compared to the Cold War period, the current condition of the Balkans is quite favorable. Although the Yugoslav war has played havoc with the economies of the area and the Balkans' aspiration to project an image of stability, the region is now at the top of the European agenda. Not only has NATO mounted in Yugoslavia the biggest military operation in its existence, but also many international organizations are now deeply engaged in the area. The European Union is financing infrastructure projects designed to connect Romania and Bulgaria to main transport routes. Turkey is paraded as one of Europe's key strategic allies and the United States is mediating in the Greek-Turkish dispute over Cyprus and the islands of the Aegean Sea.

More significantly, the promise of full integration into both NATO and the EU has been extended to the region's states in return for their good behavior.

At the beginning of this century, the great powers regarded the Balkans as

partly a geographic region and partly a disease for which effective quarantine measures were the only adequate cure.

The Balkans may yet end the century in the same situation. The story is not one of mischief or cynicism (although there was plenty of both) but of a lack of vision, which could lead to missed historic opportunities and continued misery for the region's people.

The Dayton peace accords that put a halt to the Bosnian war in November 1995 were based on a set of dubious assumptions. The first was the belief that, in order to reunite the Bosnian state, one must start by separating the various fighting armies. Coupled with that was the belief that "the people" are "good" and desire peace and that only their leaders could be "naughty."

Once the people were allowed the opportunity to vote freely, the thinking goes, the warlords would be removed from power and all Bosniacs would live together again. The Dayton accords provided for elections. In addition, there was the assumption that there was no crisis that a well-written constitution could not solve.

Dayton included a fine constitutional specimen, complete with rotating presidencies, constitutional courts and arbitral tribunals. But, finally, there was the belief that talking tough to the "natives" and threatening unspecified retribution without actually having to commit to any action should be sufficient to bring about peace.

At every step, the troops that were dispatched to Bosnia carefully chewed any military involvement while the Western governments increased their rhetoric.

The violence in Bosnia has stopped,

and we should all be grateful for that.

Nevertheless, Bosnia remains divided,

and cut away from its natural economic partners in the region. But, in many

respects, Bosnia is yesterday's story, for the West's real challenge is now with the entire region.

Yugoslavia represents the classic example of what can go wrong in the transition from a communist society. The war, for which President Slobodan Milošević bears heavy responsibility, perpetuated a disguised-communist rule and postponed decisions about the nature of the state. Mr. Milošević fought the war in the name of Serbian unity and ethnic purity. Yet Serbs are still divided and Serbia still contains the highest number of ethnic minorities among all the republics of the former Yugoslavia. Having been the most integrated Eastern European state before 1989, Yugoslavia is now a parish in Europe.

To complete this cycle of tragedies, the Yugoslavia that Mr. Milošević invented after 1991 remains a rickety affair. Montenegro, Serbia's partner in the federation, looks increasingly unreliable. Moreover, the institutions of the state are an even greater farce than they were during Tito's dictatorship.

For a number of years after the demise of old Yugoslavia, the Yugoslav federal presidency, which was meant to represent both Montenegro and Serbia, remained a mere cipher designed to obscure Mr. Milošević's political control. Serbia and — to a lesser extent — Montenegro have therefore ended with the worst possible outcome: They are the only former Yugoslav republics not to have a new identity.

Mr. Milošević has failed in his nationalistic dreams, but succeeded in destroying his country's civic society. Ten years ago, the people of Yugoslavia were in the forefront of all communist states. Today, Yugoslavia is at the bottom of the pile, with no salvation in sight. In addition, there is more to come, for the crucial issue of Kosovo has yet to be addressed.

Up until now, the United States and the European Union have solely relied on negotiations, exclusively with the existing regimes, often in the hope of achieving brief periods of illusory peace. The leaders of the region, in turn, have portrayed themselves as saviors.

The tactic has clearly not worked. Far from being upholders of any solution, the autocratic leaders in some of the countries that call themselves Yugoslavia's "successors" are actually part of the problem.

But a serious Western plan of stabilizing the region is still feasible. It should start with establishing democratic roots in the capitals of southeastern Europe. Belgrade, Sarajevo, Zagreb and Tirana would be the targets for the creation of fundamental democratic institutions, which would uphold human rights and freedom of the media, and implement an economic revival plan.

Calculated pressure would be imposed upon the current regimes to push them out of power. The region's dictators should be attacked where they hurt most: by taking measures to recover the billions of state assets that they have managed to spirit away from their countries.

And, ultimately, the prospect of genuine European integration, as well as economic reconstruction, should be promised to those countries that manage to emerge from their current political rut. Of course, it may be argued that such an approach will take years to bear fruit and cost a great deal. But billions of dollars have already been spent in peacekeeping operations, and the proposal is to spend much more in Kosovo now. For the moment, there is neither peace nor stability. It is time to go back to the fundamentals, however long it takes.

The writer, heir to the throne of Yugoslavia, lives in London. He contributed this comment to the International Herald Tribune.

Why Not Let All the World's Terrorists Off the Hook?

By A.M. Rosenthal

NEW YORK — The Western democracies, sometimes separately, sometimes together, are working out a historic policy: Reward selected terrorist nations for their crimes.

The policy is not a conspiracy but grows out of national interests and attitudes, open or denied, as now perceived in Western capitals.

Each government either thinks reward of perpetrators is now economic wisdom for itself, or fears terrorist retaliation, or is enticed by the political benefits of making the public like the file is closed.

The people and officials of these nations drift warmly into the last sleep — moral equivalency. Look, lots of other unpleasant countries are around, and anyway Americans are not so great. What is the difference between Americans who were brought in when German police were closing in on Syria's operators.

Then a new theory popped up — a couple of Libyans did it all by themselves. Colonel Muammar Gadhafi refused to give them up.

Now again America digs up the idea about Scottish judges trying them in the Netherlands.

Colonel Gadhafi is likely to accept it, after bargaining the United States said it would never get into.

This time it is a rose of the desert for him. He gets embargoes against the sale of oil lifted as soon as the two are

turned in. The wording makes it virtually impossible to restore the embargo, even if the defendants sacrifice the lives of every relative in Libya by killing the colonel.

They are not likely to be asked. The U.S.-British proposals forbid "undemanding" the Libyan government at the trial. An affirmative vote of nine out of the 15 UN Security Council members would be needed to reinstate the embargo — and the five permanent members forswear use of the veto against reinstatement.

Colonel Gadhafi gets billions in oil money. Favorite Western countries get Libyan contracts.

Relatives of the Pan Am dead get to cry forever.

Now again America digs up the idea about Scottish judges trying them in the Netherlands.

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turned in. The wording makes it virtually impossible to restore the embargo, even if the defendants sacrifice the lives of every relative in Libya by killing the colonel.

If now Washington keeps opposing lifting the embargo, and the new weaponry Iraq would get, others will soon follow it for themselves. What is the difference between U.S. unilateral action against Saddam and European unilateral action against America? Matter of viewpoint.

China — all right, the Communists broke their promises to President Bill Clinton about improving human rights. But who said he was dumb enough to believe them? Just because he said so?

The way to stop China from stealing U.S. military know-how is to sell some to Beijing. If China is cracking down harder on religious and political rights — who made the United States the world's superchampion?

Mexico. We know it is the funnel for about 70 percent of the heroin and cocaine entering the United States. America has sanctions passed by Congress to stop that kind of thing.

But Mexicans are touchy. If the United States uses the wait-and-scare tactic, or speak sharply, they may get mean and hurtful.

Maybe parents of American kids who stick the stuff in their noses and veins might march outside the Mexican Embassy with signs saying "Touchy, Mean and Hurt" — and see who cares.

But if Mr. Clinton just says Mexico is doing the best it can, sanctions can be skipped. Spill me, man.

We know how to end rewarding perpetrator nations. In an investigation of its operation in Indonesia, the World Bank, headed by James Wolfensohn, said its officials ignored corruption, growing repression and a collapsing financial system during the final years of President Suharto's 33-year rule.

Remember? It is called telling the bloody truth.

The New York Times.

The Day the U.S. Forced the Japanese to Start Spending

By Thomas L. Friedman</p

*Guideline
Offered of
Job Safety*

UBS Sells 25% Stake In Swiss Life

Compiled by Our Staff From Dispatches

BASEL, Switzerland — UBS AG, Europe's biggest bank, plans to sell its 25 percent stake in Swiss Life, Switzerland's No. 1 life insurer, to institutional investors as it focuses on more profitable businesses such as money management.

UBS said it expected to raise as much as 1.4 billion Swiss francs (\$980 million) after tax from selling the stake, which has a market value of about 2.7 billion francs. UBS said it may also sell a 29.3 percent stake in Swiss National Insurance Co., which is worth about 297 million francs, although it will continue to offer its clients insurance products.

Swiss Life and UBS said they would end an alliance in effect since 1995 and now plan to cooperate on a nonexclusive basis. Swiss Life will buy UBS's 50 percent stake in an insurance joint venture, as well as its 49 percent stake in Livot, a real estate alliance.

The break-up and sale reflected the fact that the two were competing for the same business in Europe. "The reason for the decision is the growing competition between the two groups in the area of European asset gathering," the company said.

UBS and other banks are increasingly concentrating on asset management and private banking in a bid for steadier earnings. Money management is one of the safest bets in banking because it generates fee income regardless of how markets perform.

"Businesses such as private banking are more profitable," said Jean-Marc Bianchi, who manages 85 million francs of Swiss equities at Lloyds Bank PLC in Geneva. "This suggests UBS's alliance with Swiss Life was working."

UBS shares fell 3 francs to 446 on the Swiss Exchange, while Swiss Life fell 73 francs to 940. (Bloomberg, Reuters)

France and U.S. Split Over Currency 'Targets'

By David E. Sanger
New York Times Service

WASHINGTON — President Jacques Chirac of France, visiting Washington, openly split with the U.S. approach to stabilizing the world economy just before industrial finance leaders were to gather in Bonn to meet on the subject.

In a speech to the World Bank and the International Monetary Fund, Mr. Chirac urged that the United States, Japan and Europe manage the exchange rates of their currencies keeping them within specific zones agreed on by the major nations to restore stability to the world economy.

That is an idea that Japan and

Germany have echoed, but on the day before Mr. Chirac's speech this week, the U.S. Treasury secretary, Robert Rubin, dismissed the suggestion as "unworkable" and ill

said Thursday. "We must adopt a veritable traffic code or highway code for capital flows, a code which applies to all, including hedge funds and offshore establishments."

Mr. Rubin has been cautious about each of the suggestions and openly dismissive of a few. Early warning systems, he pointed out recently, sound like a good idea, but rarely work in practice.

The IMF, Mr. Rubin has noted, has a poor record of predicting when and where a crisis will erupt, and private credit-rating organizations failed to flag the troubles that set off the crisis in Asia, Latin America and Russia that has rocked much of the world over the last 20 months.

The arguments over how to con-

struct what Mr. Chirac called a "new financial architecture" have been building for months. The differences were likely to become evident Saturday at a meeting in Bonn of the finance minister and central bankers of the seven largest industrial nations. The annual session is designed to set the agenda for the meeting of Group of Seven leaders later this year.

At the heart of the issue are questions of sovereignty: The United States is loath to turn over economic decision-making power to an international organization of any kind. The Clinton administration is also doubtful about the wisdom of creating a new bureaucracy to police the world economy.

British Debate Intensifies on Joining Euro Zone

By Tom Buerkle
International Herald Tribune

LONDON — Britain's debate over the single European currency intensified Friday as supporters and opponents staked out their positions ahead of the release of a government report on the euro next week.

Vauxhall Motors Ltd., the British arm of General Motors Corp., teamed up with the engineering workers union to urge the government to commit itself to early entry into the euro zone, saying the move was vital to protect foreign investment and jobs in Britain.

The opposition Conservative

Party, meanwhile, criticized government plans to spend money on preparations for a referendum on joining the single currency, saying they amounted to publicly funded "pro-euro propaganda."

The government's aim was to "soften up the country to join the single currency," claimed Francis Maude, the Conservative spokesman for Treasury affairs.

The sharpening of the euro rhetoric from both sides came ahead of the expected release by the Treasury early next week of a so-called National Changeover Plan. It is expected to outline technical changes needed for Britain to adopt the euro

and set a timetable for entry of two to three years after a referendum.

However, the government of Prime Minister Tony Blair was not expected to move beyond its current position of promising a referendum shortly after the next general election, which must be held by May 2002 but is widely predicted for 2001. The government also was not expected to announce any changes in economic policy that might hasten convergence with the euro zone.

As a result, the plan is likely to disappoint both sides — frustrating the hopes of euro proponents for a clear, early timetable for entry while adding to the fears of the anti-euro camp that Mr. Blair was ducking the issue of sovereignty and letting business lead the fight for the euro on the grounds of jobs.

Nick Reilly, chief executive of Vauxhall Motors, Britain's second-largest automobile producer, declared that the expected changeover plan was "not enough. We want a timetable."

Uncertainty about the future level of the pound forces Vauxhall to spend more than £10 million (\$16.3 million) a year on currency transactions and hedging, most of which would be unnecessary under the euro, he said.

GLOOM: German Growth Is Sluggish as Confidence Declines, Reports Show

Continued from Page 1

from Western Germany, which accounts for the lion's share of commercial activity. Output in the west contracted a sharp 0.6 percent versus the third quarter, compared to a 0.9 percent expansion in the same period.

Slumping trade with the stricken economies of Asia and Latin America contributed to a 3.4 percent collapse in German exports in the quarter, according to the Bundesbank's numbers.

Adding to the gloom was the economic confidence report. Friday from Munich's respected Ifo eco-

nomic think tank, which reported a surprise drop in the business confidence.

The January drop in the business climate index to 91.1, from 91.4 in December, came unexpectedly to many economists and policymakers who had predicted the index would stabilize in January.

Ifo's figures are among the most closely monitored indicators on the continent. The European Central Bank mentions confidence trends in each analysis of the euro-bloc economy, often with a note of concern.

The Ifo index, which fell from last year's high of 99.2 last January, now stands at its lowest level since Au-

gust 1996. A benchmark of 100 was set in 1991 for the index.

The erosion of confidence could extend beyond January. This week's costly wage settlement for the giant IG Metall trade union is expected to push industrial confidence even lower in February and March, many economists concur.

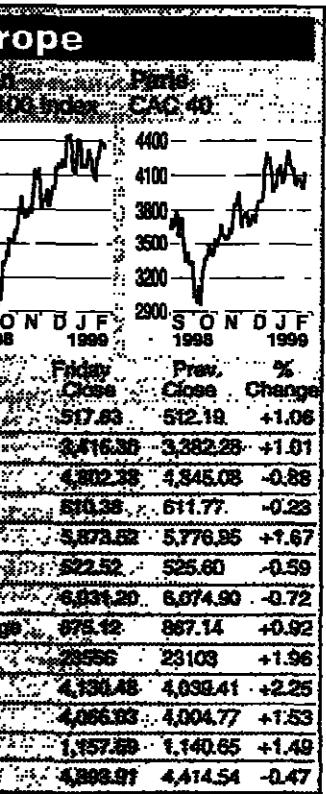
Under the threat of a strike, the metalworkers' union extracted a raise of 4.2 percent over the next 14 months, prompting an outcry from industry that managers will react with job cuts.

The decline not only points to a continued slowdown in economic activity in Germany but also in-

dicates that it is probably too early to look for a rebound in business confidence in Europe," Ms. Bartels said.

Those forecasting a rebound later in the year pin their hopes on strong consumer spending, strength from the robust economy in the United States, low European interest rates, and a stabilization of the Asian and emerging-markets crisis. They also say the relatively weak euro will boost European exports by making them cheaper against dollar-denominated products.

But for now, the German economy is "exceptionally sluggish," Mr. Pietsch said.



Source: Telextrader International Herald Tribune

Very briefly:

• Autogrill SpA, Italy's largest fast-food restaurant chain, is reportedly close to an agreement with Diageo PLC's Burger King that would allow Autogrill to sell Burger King products in Italy, directly challenging its biggest competitor, McDonald's Corp. The company said no accord has been reached.

• McDonald's, meanwhile, whose restaurant on Pushkin Square in Moscow is its busiest worldwide, plans to slow its expansion in Russia because of the ruble's 70 percent plunge since August.

• Jersey European Airways, a British regional airline, is close to signing a deal for 15 new aircraft worth more than \$250 million from Bombardier Inc. of Canada.

• The European Union is set to delay approval of a free trade accord with South Africa for at least another month following objections from Spain and other member states that a draft deal agreed to last month is too generous to Pretoria.

• Scandinavian Airlines System is implementing a restructuring program aimed at boosting profitability and cutting costs by 3 billion kronor (\$377.6 million) in this year and next. SAS posted pretax profit for 1998 of 2.83 billion kronor, up from 2.23 billion in 1997.

• Mannesmann AG, Germany's No. 1 cellular phone company, said 1998 profit more than doubled, to 630 million euros (\$705.9 million) from 312 million euros, on strong growth in telecommunications and an improvement in its auto parts and engineering business.

• Danisco A/C, a Danish food, beverage and packaging business, will buy the British packaging company Sidlaw Group PLC for £106.4 million to expand its packaging activities.

Bloomberg, Reuters, AFP

WORLD STOCK MARKETS

Friday, Feb. 19
Prices in local currencies
In euros for EMU countries
In dollars for others

Amsterdam AEX index 517.45
Previous: 512.97

Frankfurt DAX 4,082.62
Previous: 4,082.62

Johannesburg All Market 2,871.44
Previous: 2,867.33

Montreal Industrie index 2,590.01
Previous: 2,584.53

Seoul Composite index 322.53
Previous: 322.69

Singapore Straits Times 1,274.21
Previous: 1,274.21

Stockholm SY 14 index 4,944.75
Previous: 4,944.77

Tokyo Nikkei 225 12,355
Previous: 12,355

Vienna ATX index 1,521.45
Previous: 1,521.45

Wellington NZSE 222.94
Previous: 222.94

Zurich SMI 3,491.54
Previous: 3,491.54

Danmarks Børs Composite index 494.02
Previous: 494.41

Denmark Børs Aktieindex 2,000
Previous: 2,000

NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Friday's 4 P.M. Close
The 2,300 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere
The Associated Press

Continued on Page 14

CLERMONT-FERRAND
CHEMIST CHAMBER 14, RUE DES HALLES CLERMONT-FERRAND
FLORENCE
ST. JAMES CHAMBER 12, VIA DE' TORNABUONI FLORENCE 1
ROME
ST. PAUL'S CHAMBER PIAZZA S. PAOLO 2-3 ROMA 1
MILAN
AMERICAN CHAMBER 1, VIA DELLA SPIGA MILAN 1
FRANKFURT
AMERICAN CHAMBER HAMBURG 12 FRANKFURT 1
MUNICH
CHAMBER OF TRADE 1, KARLSPLATZ 1 MUNICH 1
FRANKFURT
CHAMBER OF TRADE KARLSPLATZ 1 FRANKFURT 1
VIENNA
ST. ANTHONY'S CHAMBER 1, KARLSPLATZ 1 VIENNA 1
GENEVA
CHAMBER OF TRADE 1, RUE ST. ANTOINE GENEVA 1

MONEY

SATURDAY-SUNDAY,
FEBRUARY 20-21, 1999
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Website: www.iht.com/IHT/MONEY

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A Sure Thing for Investors in Cyclical Airline Stocks: Turbulence

An Unforgiving Industry Means Shares Aren't 'Buy-and-Hold'

By Andrew Blum

IS THIS ANY way to run an airline?" That advertising slogan for National Airlines — including the airline's jaunty reply, "You bet it is!" — became a catch phrase across the United States in the 1960s, capturing the glamour and optimism that characterized the fledgling air-travel industry.

Today, National Airlines is no more, felled by the forces of consolidation that have claimed People Express, Braniff, Eastern, Pan Am and dozens of other lesser-known airlines, and threaten to swallow up America West, which was in talks with United as this issue went to press.

But the slogan lives on, and in fact could be the rallying cry of investors in airline stocks in the 1990s. Air travel is now a mature industry, buffeted by global deregulation and heightened customer expectations, subject to the vagaries of world oil prices and hammered by price wars and a changing labor environment. Individual investors can easily find themselves casting about for a way to predict which companies will emerge the winners, and even the professionals can feel frustrated.

"The trouble with airlines as an investment," said Stephen Sanborn, research director for Value Line, "is they are one of the most cyclical industries."

It is also one of the most unprofitable. When revenue falls, as it does during winter travel doldrums, or when fixed costs go up, as they do during the peak of the oil-price cycle, airlines — which compete largely on fares — cannot simply raise ticket prices. About all they can do is try to reduce variable costs, but in a service industry those measures can carry risks — which, in turn, can affect earnings and stock prices.

Taking a tough labor stance to reduce salaries might mean provoking a costly and disruptive strike, as AMR Corp.'s American Airlines unit found out only this month. The American Airlines pilots' work slowdown this month, which caused 10 days of disruptions to the carrier's

schedule and cost AMR \$58.7 million in lost revenue, also caused AMR stock to drop about 10 percent in a week.

"It's a very serious situation," said Julius Malduits, an aviation-industry analyst for CIBC Oppenheimer. "If you believe what I said, you sell."

Other measures can be just as costly in terms of public relations. Shrinking menus on flights, as United Airlines has done, could put the reputation of an airline's cabin service on the line. Charging fees for tickets not purchased over the Internet can lead to consumer revolt and an embarrassing strategic retreat, as Delta Air Lines found out recently.

Steve Lewis, airline stock analyst for Grimaldi & Co., said the most critical issue facing the industry today was overcapacity: too many planes chasing too few customers. "It forces down load factor, which in turn impacts yield," he said. Mr. Lewis expects a drop this year in U.S. sector profits alone to \$4.5 billion from \$5 billion.

Airlines that look abroad for alliances as a way of expanding their markets may well find growing pains and economic strains there, too. Asian carriers continue feeling aftershocks of the financial crisis that began in July 1997 with the devaluation of the Thai baht, and are seeing a greater pace of consolidation.

In Europe, 20 years after the U.S. industry was deregulated, carriers are going through a similar new competitive period, which dovetails rather inconveniently with a worldwide drop in passenger loads because of the Asian crisis. British Airways posted a third-quarter loss of \$68 million (\$110.8 million), its first quarterly loss in four years.

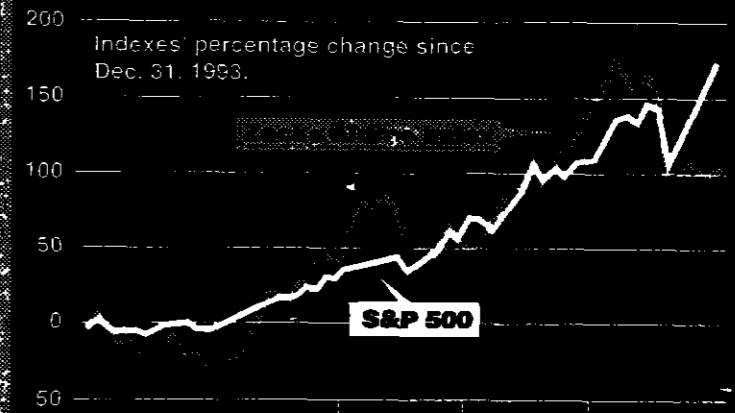
Also posting a loss was KLM Royal Dutch Airlines, sinking 29 million guilders (\$14.79 million) into the red, from a prior-year profit of 46 million guilders. KLM attributed the loss to an industry traffic downturn and residual effects of last year's strike by pilots at KLM's U.S. alliance partner, Northwest Airlines.

Similarly, analysts say, recent economic problems in Latin America, especially Brazil, had a negative impact on carriers with large exposure there. Mitch Zacks, portfolio manager of Zacks Investment Management, a unit of Zacks Investment Research, which runs a \$300 million hedge fund, said Brazil's declining currency was a threat for airlines because higher-priced business fares account for most travel to and from Brazil. Declines in those big-ticket travelers "create problems with earnings," Mr. Zacks said.

Small wonder, then, that at Value Line, which ranks the investment quality of 95 industries using factors such as earnings growth, airlines come in at No. 69.

"I don't think anyone is saying airlines are a buy-and-hold stock," Mr. Sanborn said. "You might buy Campbell Soup or Merck or something of that nature for your retirement portfolio. It's not true with airlines."

Instead, Mr. Sanborn said, one might hold airline stocks only for a year or so.



Mr. Lewis cited Southwest Airlines Inc., the Dallas-based regional carrier, and Alaska Air as successes — Southwest due to its low-cost structure and Alaska for its West Coast franchise.

Looking at airline stocks another way, Moody's Investors Service Inc., the credit-rating concern, gives a relatively high A3 rating to Southwest. Marlene Nowicki, an analyst at Moody's, said the Dallas-based airline could boast of good performance, a strong balance sheet and a clear strategy, including expansion in the northeastern United States.

In contrast, Moody's highest bond rating outside the United States goes to British Airways and Lufthansa, both at A2. Although British Airways faces "pressure from the yield side," Ms. Nowicki said Lufthansa had "a strong presence on the Continent, good route systems, a strong balance sheet."

Bright spots in Asia are harder to find, but they exist in airlines that have strong home markets and an established network of long-haul routes, which tend to attract business travelers.

An analyst at a major investment house, who asked not to be identified, said he would place his bets on Cathay Pacific Airways and Singapore Airlines to survive the current turmoil. He expected the losers to be Malaysia Air System, Thai Airways International, Philippine Airlines and China Airlines.

While Cathay will probably lose 300 million Hong Kong dollars (\$38.9 million) in its current fiscal year, the analyst still recommends it because it is Hong Kong's only long-haul airline. Singapore Airlines — still government-operated although partially private — has strong traffic and is "good to hold through the downturn," he said, predicting profits of about 700 million Singapore dollars (\$414 million) this year.

Cathay is a member of the five-member alliance Oneworld, a competitor of the six-member Star Alliance.

Such alliances have been trumpeted as clever and low-cost ways for domestic or regional carriers to expand their markets, but the reviews to date have been mixed.

Mr. Malduits said alliances sometimes did not meet expectations, like the delayed American Airlines pact with British Airways.

"Originally, that alliance as proposed was going to have dramatic benefit to both companies, to the order of increasing revenues by about \$4 billion," he said. "But since it did not go ahead, the two companies basically are involved in what I call a mini-marketing effort, with some benefit, but not anywhere near the benefits as proposed."

On the Profits of Unpredictability

Some Investors See Bargains in Market's 'Behavior' Mistakes

FOR THE past 30 years or so, many economists who study finance have embraced "efficient market theory," or EMT. The idea is that a stock price today reflects every possible scrap of information that can be known right now. Tomorrow's price cannot be forecast, since it will reflect new information that we will not know till then.

So prices move, from one day to the next, in an unpredictable "random walk." As a result, it is useless to worry about whether a stock is "underpriced." In fact, that is a contradiction in terms. A stock might go up or down, but investors should not bother guessing because they cannot divine tomorrow's news.

There is a lot of sense in EMT, but one should not get carried away by it. As Warren Buffett wrote in the 1988 annual report of his company, Berkshire Hathaway Inc.: "Observing correctly that the market was frequently efficient, [backers of EMT] went on to conclude incor-

rectly that it was always efficient. The difference between these propositions is night and day." Mr. Buffett's own amazing record of stock-picking is strong proof that EMT does not work all of the time.

The lesson is that some stocks really are bargains, but do not underestimate the difficulty of finding them.

Recently I visited a highly specialized sort of bargain hunter, Fuller & Thaler Asset Management Inc. in San Mateo, California, south of San Francisco. The firm tries to find stocks that have been underpriced because of mistakes of the mind, or "behavioral bias."

Do not be confused: This phrase has nothing to do with emotions. Fuller & Thaler tries to score off mistakes caused by systematic misperceptions by analysts, who use the wrong heuristic (shortcut to solution) or get sidetracked by the financial equivalent of optical illusions.

Russell Fuller has a Ph.D. in economics and is the on-site, hands-on manager. Richard Thaler, who teaches at the University of Chicago, is the best-known name in behavior finance, author of "The Winner's Curse" and "Quasi-Rational Economics." For nearly a decade, they have been picking stocks based on two of Mr. Thaler's most famous "cognitive errors": anchoring and overconfidence. More about both of those later.

The results are impressive. Since 1992, managing money for large institutions such as the New York Common Fund, a state pension plan, they have produced average annual returns of 27.7 percent, compared with 19.5 percent for the Standard & Poor's 500-stock index and 11.4 percent for the Russell 2000, the small- and mid-cap

index that is their benchmark, since their system works best with such stocks.

Last year, for the first time, they managed a public mutual fund — Undiscovered Managers Behavioral Growth, part of a group started by Mark Hurley of Dallas. The fund returned a handsome 33.3 percent, compared with 28.6 percent for the S&P Morningstar Inc., the mutual-fund research firm, ranked the fund in the top 1 percent of its small-cap category.

Investors can learn from the approach that Mr. Fuller, Mr. Thaler and their colleague Fred Stanske practice. And it may help them avoid cognitive errors of their own.

The first of those mistakes, anchoring,

refers to the tendency of all of us to make judgments that are "anchored" in our own experience. Mr. Fuller uses the example of estimating population.

Overconfidence and anchoring and makes sensible forecasts based on the new information he rejected.

Especially with small- and mid-cap companies, the judgment of analysts has a big impact on stock prices. Sometimes it takes them years to get the message. Mr. Fuller and Mr. Stanske chuckle over a former holding, the office furniture maker Herman Miller Inc., which produced 10 consecutive earnings "surprises" after an initial jump in 1993 that analysts just would not believe. The stock sempiternal.

Best Buy Co., the consumer electronics chain, shocked analysts in 1997 with earnings that were triple what had been predicted. The stock rose, but not enough to reflect the new information.

Earnings kept climbing, but analysts remained anchored. "There were a lot of guys from Scott's Bluff on this one," Mr. Fuller said.

His firm bought at \$12 and still holds today at around \$38.

Sometimes, Mr.

Fuller says, his approach looks like a "momentum strategy" — jumping on fast-moving growth stocks as they rise. But the firm does not buy simply because a stock is soaring, the way true momentum mavens do. It buys because of the mistakes it sees.

An example is QLogic Corp., the fund's No. 3 holding, which makes products for computer boards. The stock shot up \$16 to \$36 immediately after an earnings surprise was announced. But Mr. Fuller and Mr. Stanske were convinced the price did not reflect the new information; analysts remained too anchored and overconfident. They bought at \$36 ("it took guts"), and QLogic is now at \$130.

Other stocks among the fund's top holdings include Superior TeleCom Inc., which makes wire and cable products; Compupower Corp., software; Allergan Inc., eye care, and American Management Systems Inc., consulting.

Do not be tempted to run out and buy these stocks simply because the Behavioral Growth fund owns them. Behavioral finance is not an amateur's game. For one thing, you need to know when to sell: The firm keeps its stocks for only about nine months and then, if all works out well, dumps them on momentum buyers.

But it is instructive to see how some professionals can make money off the mistakes of other professionals — and to see, once more, that Mr. Buffet is right. The market does, from time to time, goof.

Washington Post Service

James K. Glassman's e-mail address is jglassman@iht.com. He welcomes comments, but cannot answer all queries.

JAMES K. GLASSMAN / ON INVESTING

Washington Post Service

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SATURDAY-SUNDAY, FEBRUARY 20-21, 1999

WORLD ROUNDUP



Sachin Tendulkar of India, left, leaving the field after being run out as Pakistan's captain, Wasim Akram, looks on.

Pakistan in Control

CRICKET The Pakistani bowlers Saqlain Mushtaq and Shoaib Akhtar bowled with a vengeance to leave India struggling at 214 for six, 65 runs behind the victory target at the end of play on the fourth day of the first Asia Cricket Championship on Friday in Calcutta. Mushtaq once again proved to be Pakistan's trump card, claiming the important wickets of the Indian openers V.S. Laxman and Sadagopan Ramesh, and the skipper, Mohammed Azharuddin. Akhtar took the wickets of Rahul Dravid and Nayan Mongia, who were India's hopes after Sachin Tendulkar was run out. (AP)

IOC to Pay the Taxman

OLYMPICS The International Olympic Committee will have to hand over tax that it has not paid since 1995, the Swiss government said Friday, after the IOC's decision earlier in the week to withdraw a request to be exempted from value-added tax.

The exemption, which was approved by the Swiss government last September, had drawn widespread criticism in Switzerland in the wake of the scandal over alleged misconduct in connection with Salt Lake City's bid to stage the 2002 Winter Olympics. The committee, which has its headquarters in Lausanne, is already exempt from other taxes in Switzerland.

The IOC said the amount of money involved was about 300,000 Swiss francs (\$210,600). (AP)

Seeds Struggle but Win

TENNIS Yevgeni Kafelnikov and Tim Henman played erratically Friday, but both won their respective quarterfinals at the ABN-AMRO indoor World Tennis Tournament in Rotterdam.

Kafelnikov, seeded No. 2, started strongly but lost the second set to Roger Federer of Switzerland before winning, 6-1, 5-7, 6-4. Henman downed Karol Kučera of Slovakia in straight sets, 6-4, 7-6 (7-4), but the fifth-seeded Englishman's first serve and forehand troubled him during the second set. (AP)

Clemens Gets a Shot At an Elusive Honor

With Yanks, He Could Win First World Series

By Buster Olney
New York Times Service

TAMPA, Florida — Roger Clemens might win 300 games before he retires and he could become only the third pitcher to compile 4,000 strikeouts. With at least five Cy Young awards to his credit, he will be elected into baseball's Hall of Fame after retiring.

But Clemens has never been part of a team that won a World Series, and like the slugger Ted Williams, he is dogged by the label — probably an unfair one — that he cannot succeed in a big game.

The Yankees believe that Clemens will have one of nine starts in the post-season. John McNamara, who managed Clemens with the Boston Red Sox, always insisted that Clemens begged out of Game 6 of the 1986 World Series, which the New York Mets eventually won when a ground ball went through Bill Buckner's legs; Clemens has said he was ill.

Following the blockbuster trade late Wednesday that sent Clemens to the Yankees for the All-Star pitcher David Wells, the middle reliever Graeme Lloyd and the utilityman Homer Bush, Clemens has a chance to change that perception. He joins a team that won 114 games in the regular season and swept the World Series last year, a team now the favorite to win the World Series again.

"The bottom line is now I'm going to a team that is already champions," Clemens said Thursday from his home in Texas. "I just want to slide in the side door and go to work with these guys. Hopefully I'll fit right in."

He becomes the ace of a rotation that includes David Cone, Andy Pettitte, Orlando Hernandez and Hideki Irabu. The Yankees have also stacked their rotation with left-handers to exploit the dimensions of Yankee Stadium, and now Pettitte is the only lefty among four right-handers.

But the Yankees saw this as an insignificant factor. Clemens can dominate left-handed and right-handed batters, and he will provide his unique presence.

When the Yankees manager, Joe Torre, sees Clemens, he sees Bob Gibson, Sandy Koufax, Nolan Ryan — the sort of pitcher who attacks and intimidates hitters with his fastball. "He's not comfortable to bat against," the Yankees' catcher, Joe Girardi, said dryly.

Many opponents could offer horror stories about Clemens. Roberto Alomar believes Clemens has thrown at him purposefully, with intent to injure — Clemens has thrown fastballs just behind Alomar's head.

Clemens faced the Mets in Shea Stadium in 1997 and reached second base. Trying to hit him, the Mets ran successive pick-off plays, forcing him to lunge back into the base.

Clemens, sweat streaming down his face, realized what was happening, turned and pointed at Rey Ordonez, the Mets' shortstop. "You do that again," Clemens said, "and I'm going to hit you in the head."

Some of the Baltimore Orioles maintain Clemens aims at the center fielder Brady Anderson for sport, raising one or two ugly black wells with the imprint of baseball stitching in the middle of his back each year.

Cone said, "They could've thrown me into the deal and it would've been a good trade."

Clemens has 233 victories. He won 21

for the Blue Jays in 1997, leading

the league in victories, earned run av-

age (2.05) and strikeouts (292), and

once again, he whiffed 20 batters in one

game (with no walks) against Detroit. In

1998, when he again led the league in

victories (20), earned run average (2.65)

and strikeouts (271), he became the

fourth pitcher in history to do so in

consecutive years, joining Sandy Koufax (1965-66), Lefty Grove (1930-31) and

Grover Cleveland Alexander (1915-16).

Clemens is a throwback in his pitching

style, in how he knocks down hitters, in

how he uses his fastball to intimidate. But

he is thoroughly modern in his expecta-

tions of how he wants to be treated.

When the Yankee outfielder Paul O'Neill heard last fall that his team had a

chance to get Clemens, he encouraged the Yankees' general manager, Brian Cashman, to make the deal. "He might add a lot of fuel to the fire," O'Neill said.

"Who knows, he's a dominating pitcher.

He always pitches well. I hope he takes off like he has for the last 10

years."

Cone said, "They could've thrown

me into the deal and it would've been a

good trade."

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When the Yankee outfielder Paul O'Neill heard last fall that his team had a

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"Who knows, he's a dominating pitcher.

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Cone said, "They could've thrown

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The Bare Truth: Witt 'Loves' New Exposure

Skater Says Fans Like Playboy Photos, Too

By Paul Newberry
The Associated Press

ATLANTA — Forget Carmen, the sultry gypsy who stole a soldier's heart and paid with her life. Playboy has become the biggest role in Katarina Witt's life.

Ever since the two-time Olympic gold medalist stripped off her clothes to cavort through woods and streams for the magazine, no one wants to talk about Sarajevo or Calgary or the dueling Can-

ments. At every stop on the pro skating circuit, fans approach Witt with Playboy in hand. She always signs them cheerfully and without hesitation, unashamed that she revealed more of herself without shame — and everything else, for that matter — than she ever did on the ice.

"I'm loving it," Witt said during a stop in Atlanta to promote the Champions on Ice winter tour. "The majority of fans say it's beautifully done and well. 'Go girl!'"

Playboy first approached Witt about appearing in the magazine after her gold-medal winning performance of "Carmen" at the 1988 Olympics in Calgary, making her only the second woman to win back-to-back figure skating titles.

With fire-engine red lips, a Spanish comb in her hair and a V-neck, cut-to-the-navel, flamenco-style dress hugging her 5-foot-5-inch (1.63-meter) body, Witt was the consummate seductress.

A reporter opened one Olympic news conference with a marriage proposal. Alberto Tomba, the Italian ski champion, was mesmerized by the German beauty, making public appeals to meet her like some love-struck schoolboy.

Witt never had a rendezvous with Tomba, and she turned down the initial offers from Playboy.

"I think at that time it would have been wrong," she said. "But the timing now is absolutely perfect. People know I've been a skater for many years, but I've been doing a lot of different things."

In addition to skating with Champions on Ice and competing at the occasional pro event, the 33-year-old Witt had a role as a figure skater in the 1998 movie "Roma," a thriller about post-Cold War mercenaries, starring Robert De Niro.

"I was very honored when John Frankenheimer asked to have me," Witt said, referring to the film's director. "To

be on the set for 10 days in Paris and meet somebody like Robert De Niro and Jean Reno was totally awesome. And it was even better to get respect back from the actors. They would come to watch my skating and were just incredible to me."

She hopes to land more movie roles, although skating still dominates her life.

"It was nice to know I could go back to the real world, which is the sport," Witt said. "The movie world is very different. It's a very big fantasy land."

So was Carmen, which was still on Playboy's mind when they approached Witt again, a decade after Calgary. She decided the timing was right, traveling to Hawaii to model for a 10-page layout in the December issue.

"It was very professionally done," said Witt, who received more than \$100,000 to pose. "That's why I liked it. I was involved in the whole creative part. It turned out basically the way I saw it, which was very pure, very natural, athletic and tasteful. They gave me complete freedom on that."

"That's why it's working so well, that's why everyone likes it. Nobody feels offended by anything I did."

Witt is still an alluring figure, able to bring the crowd to its feet even though she no longer can compete with the Michelle Kwans or Tara Lipinski's in the youth-driven world of triple jumps.

On this day, Witt relaxed comfortably on the sofa of a 13th-floor office at CNN Center, maintaining the appearance of simple elegance after a day of tedious one-on-one interviews. She wore velvet black pants, matching shoes and warm-up jacket and a plain, gray T-shirt; her brown hair was tucked tastefully on the back of her head.

The Champions on Ice tour — which also features Oksana Baiul, Brian Boitano, Dorothy Hamill and Victor Petrenko — will stop in 40 cities before finishing its run in a couple of weeks.

"The grueling part for me is the traveling," Witt said. "The buses and planes basically ruin your body. But once you get out there in front of an audience, it's the best."

She paused for a moment when asked to explain how she has maintained her appeal on the ice, even with performances like the World Professional Figure Skating Championships in December, when she finished fifth out of six skaters.

"I think I built a name out there by always pushing myself to keep going with different types of projects," she said. "Not just being a skater, but going on the production side as well, creating things like Carmen on Ice and all the specials. I think I've always tried to reach out for more than just being a figure skater. People see this and they see the passion in my work."

Witt has no plans to leave the sport that has transformed her life into "three pieces of luggage."

"No, no, no, not a normal life," she protested, feigning indignation at the mere thought. "Why would I want to have a normal life? This is my normal life. I want to keep it."

Harding Plans Comeback

Tonya Harding, the American figure skater who is under a lifetime ban from sanctioned events for the 1994 attack on Nancy Kerrigan, will not make her latest pro comeback attempt until next fall, her adviser Michael Rosenberg said Thursday, according to Reuters.

DENNIS THE MENACE



PEANUTS



GARFIELD



BEETLE BAILEY



BLONDIE



SPORTS



Hakeem Olajuwon of the Rockets, left, blocking a shot by Rony Seikaly of the New Jersey Nets in the 2d quarter of Houston's narrow triumph.

Rockets Nip the Nets

Pippin's Free Throw Seals Victory, 93-92

The Associated Press

Scottie Pippen hit a free throw with 3.3 seconds left in overtime and the Houston Rockets got the benefit of two late calls in beating the New Jersey Nets, 93-92.

Pippin's game-winning free throw capped a 26-point performance on Thursday night.

The host Nets thought they had taken a 94-92 lead with 6.6 seconds left when Jason Williams put in the rebound off Kenny Kittles' miss. However, referee

NBA ROUNDUP

Scott Foster waved off the basket for offensive interference, ruling the ball was still on the cylinder when the Nets center touched it.

Seconds later, Houston's Hakeem Olajuwon made a bad pass to a falling Pippen, but referee Marc Davis ruled Scott Burrell tripped Pippen as he was backing up. Pippen made the first free throw and missed the second.

Olajuwon, who had 21 points and a season-high 15 rebounds, forced the overtime, hitting a one-drive shot from the top of the key with 4.4 seconds left to tie it at 85. Kendall Gill led the Nets with 24 points.

Cavaliers 98, Knicks 74 In Cleveland, Shawn Kemp scored 20 points and Vitaly Potapenko had 17 points and 12 rebounds as the Cavs, playing their first game since learning that Zydrunas Ilgauskas would miss the rest of the season, embarrassed New York.

On Wednesday, tests revealed that the 7-foot-3-inch Ilgauskas had a fractured bone in his left foot. With Potapenko starting at center, the Cavs outworked

the Knicks all over the floor but especially in the paint, finishing with a surprising 42-37 rebounding advantage.

Weasley Person added 14 points, Cedric Henderson 13 and Brevin Knight 11 assists as the Cavs won their fourth straight game after opening 0-3. Patrick Ewing had 14 points and Allan Houston 12 for New York, which had its four-game winning streak stopped.

Pacers 95, 76ers 92 As Antonio Davis scored 16 points and Reggie Miller added 15 as Indiana beat visiting Philadelphia, the Pacers' 10th straight victory over the 76ers and 15th in their last 16 meetings.

Sam Perkins had seven of his 11 points in the fourth quarter. He made a layup and his first 3-pointer of the season to start the final period and ignite a 13-6 run in the first four minutes, giving Indiana a 79-70 lead. Allen Iverson led the 76ers with 33 points and Matt Geiger had 22.

Rockets 97, Nuggets 96 In Salt Lake City, Bryon Russell had 21 points and Jeff Hornacek added 19 as Utah matched its best start in franchise history.

The Jazz, who have beaten Denver nine straight times, are 7-1 to equal their 1989-90 start. The Nuggets lost their fourth straight game to fall to 1-8, the second-worst mark in the league.

Knicks 95, Exel 94 In Denver, Nick Van Exel had 19 points and eight assists for Denver. The Jazz, who have lost five straight after beating Boston in their season opener, Kevin Willis led the Jazz with 25 points and 14 rebounds.

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Wizards 97, Hawks 96 In Atlanta, Steve Francis scored 25 points and 10 rebounds as the Wizards won their third straight game.

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DAVE BARRY

Nightmare Scenario!

MIAMI — There is Big Trouble brewing in Washington. And I am not talking that mess involving Monica Lewinsky and President You Know Who. NOBODY cares about that anymore. The public is SICK of it. The Republicans could produce a videotape of the president and Monica pistol-whipping a 7-Eleven clerk and the public would say, "So what? Let's focus on the issues!"

No, the trouble I'm talking about is the federal budget surplus. It is raging out of control. What, exactly, is this surplus, and why is it such a threat? To answer those questions, perhaps it will help if we take a moment to briefly review the history of our federal budget. Or perhaps it will not. But just try to stop us.

For many thousands of years, there was no federal budget. America was run by native Americans, who had a tribal form of government and used a simple tax form made of bark. The first Europeans to arrive were the Vikings, who landed here around 700 A.D. but were eliminated in the playoffs.

They were followed by Christopher Columbus, who actually thought he had discovered India. (He thought this because the native Americans, who were big pranksters, had erected a huge sign that said "Welcome to India!") This was followed by The Bunch of Boring Wars, which ended up with England in charge of the colonies. But then the king of England, King Really Stupid, enacted a tax, which was extremely unpopular with the colonists, who were very fond of their "tea," which was colonial slang for marijuana. And thus the United States was formed.

In those days, the federal government's only function was to deliver the mail, which consisted of a few dozen hand-written parchment letters from Ed McMahon. The government didn't need much money; in fact, the original Internal Revenue Service consisted of just two employees and one horse, which would conduct audits by standing on selected taxpayers' heads. Over the years, the federal government got bored with delivering mail, so it came up with many important new programs, such as the Department of Commerce, which carries out the vital work of doing whatever it is that the Department of Commerce does. As the government's money requirements grew, so did the IRS, which today employs more than 165,000 personnel and nearly 11,000 horses.

Today the federal budget stands — or, technically, squats — at well over \$1 trillion. It is very difficult for average moron taxpayers like ourselves to grasp a number that large, so to make the surplus problem more understandable, let's compare the federal government to a lemonade stand operated by "Billy" and "Suzy" (not their real names). Billy and Suzy have mixed up a batch of "lemonade," or government programs. Whenever a "customer," or taxpayer, comes along, he or she decides to pay Billy and Suzy a percentage of his or her income, because otherwise they will put him or her into a federal prison. In return for this money, Billy and Suzy do not give any lemonade to the customer. They give it to various organizations and individuals deemed worthy of lemonade, such as the Department of Commerce, retired people, defense contractors and researchers studying the dangers of inadequately heated soup.

For years, Billy and Suzy gave away so much lemonade that, no matter how much money they got from their customers, they still had to borrow more. But now, suddenly, they are WAY ahead. They are taking in billions more dollars from their customers than they are spending on lemonade. Even if they start paying back the borrowed money, they have billions and billions left over, piling up all over Billy's and Suzy's lawn.

This is the problem that our government leaders are wracking their brains over now. Impossible as it may sound, the government is unable to spend money as fast as it is collecting it.

This is a very serious problem. Why? Because, according to economists, unless something is done soon to relieve the massive buildup of excess tax receipts, the Treasury Building could explode and release its contents into the atmosphere, forming an immense cloud of money that could be blown by prevailing winds over a populated area. If the wind were to shift, the money could fall back to Earth, where some of it could, conceivably, wind up — this is referred to in top-secret government documents as "The Doomsday Scenario" — back in the hands of taxpayers.

A chilling Stephen King nightmare scenario, you say? Unfortunately, it could happen, unless our leaders are able to figure out what to do about the surplus. Until they do, we, as taxpayers, should minimize the risk of coming into direct contact with our money by remaining indoors as much possible, living on canned goods, which we should, studies say, heat properly.

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**Stay indoors
as much possible
and live on
canned goods.**

Rosie Perez: Fighting to Shake a Stereotype

By Peter Applebome
New York Times Service

NEW YORK — On a water-logged day in Brooklyn, everything seems muted and muffled — the grays and browns of the buildings, the soggy drumbeat of the rain. And then there is Rosie Perez, who, ruin or shine, is about as muted and muffled as a stick of dynamite on a short fuse.

"All the time, all the time," she shot back when asked if she worries about being stereotyped as a feisty, foul-mouthed, working-class Latina. The Rosie Perez character she has played in most of her films.

"Sometimes I really want to ask the studio heads, 'Did you earn your college degree or did you pay for it? Are you stupid?' Just like a white person can come from trailer trash, be a candidate for the Jerry Springer show, but you put them in a suit and their background becomes nonexistent. But you take someone of color from Brooklyn and it sticks with them day and night. 'She can't do that. She's Latin. She's from Brooklyn.' It's the most asinine thing I've ever heard of."

Very few actors and even fewer actresses these days seem as if they're from anywhere recognizable in terms of geography, class and ethnicity, if they can help it. When she started acting, Perez was advised to take classes to lose her Brooklyn inflections and mannerisms. Instead, she has built an improbable acting career, which began with a chance encounter with the director Spike Lee, on being pretty much what she is: an intense, volatile, working-class Puerto Rican from Bushwick who is indefinably from her own unflashy patch of earth.

In her new film, "The 24-Hour Woman," written and directed by Nancy Savoca, she plays a familiar character but with a twist. She is definitely Perez, but she is also a successful television producer, rather than a kid from the streets, trying to balance work, marriage and motherhood. It is something of a real life, less the Hollywood take on the issues raised and then conveniently smoothed over and kissed off in Diane Keaton's 1987 film "Baby Boom."

Even with a sympathetic female director like Savoca, getting the part took some doing. And whether she can attract the range of roles she would like remains to be seen. But so far, Perez has managed to put together an eclectic palate of films and earned a measure of respect and visibility while finding herself in an intensely conflicted relationship with the



Rosie Perez holding court at Tillies, a cafe in Brooklyn.

powers that be in the film business. Even she is not sure where the road leads from here.

"I'm not a martyr thinking I only do independent films," she said. "Take 'White Men Can't Jump.' I loved that movie. I loved the fact that Fox put the dollars into promoting it. I loved that the paycheck was nice and fat. I loved that everyone in the world went to see it. But then I get so mad when a brilliant film like 'Somebody to Love,' which I did with Alexandre Rockwell, didn't stand a chance because there were no marketing dollars behind it. I do independent films because the material is great. I need to be challenged. I need to do good work. It makes love to my heart like nothing else. But if there was a commercial film that had great material and money behind it, I'd do it in a heartbeat."

A blushing, deferential flower Perez is not, but given the path to her film career, it is no surprise. She is obsessively closemouthed about anything other than the broad outlines of her upbringing.

A few questions about things as innocuous as where she went to high school or the year

of her birth generated icy accusations of tabloid journalism and an angry call from her publicist.

She was born in 1964 or '65 — she declines to be more precise — in the middle of a family of 11 children in Bushwick. Her father was in the merchant marine and her mother had been a singer in Puerto Rico before moving to Brooklyn.

She apparently got into her share of trouble, but looks back on a place that for all its rough edges was definitely a neighborhood. "I never thought of it as a tough neighborhood, because the people in my neighborhood were my friends and neighbors," she said. "I never thought I was poor until someone told me I was. I don't like to talk about my past because I start to include people who don't want to be included in the storytelling. I made an agreement not to do it. But it's funny how people think you're born into a certain level of ignorance and stupidity because you were born into a certain level of poverty."

Her first artistic interest was dance, not film. But after high school, she moved to Los Angeles to study marine biology at Los Angeles City College and West Los Angeles College. One night, a talent coordinator for the television show "Soul Train" picked her out at a club and signed her up to dance on the show. Before long, she was choreographing a video and stage show for the singer Bobby Brown.

Her break came in a contemporary variation of an old Hollywood legend, when Spike Lee met her while celebrating his birthday in 1988 at a Los Angeles club called the Funky Reggae. He told her to call him, and when she did — a month later — he ended up casting her as his girlfriend in "Do the Right Thing," which begins with her gyrating and shadowboxing to Public Enemy's "Fight the Power."

Subsequent films have included Jim Jarmusch's "Night on Earth," "White Men Can't Jump" and "Fearless." Peter Weir's film about the survivors of an airline disaster, which earned her a 1993 Oscar nomination for best supporting actress.

She has also continued dance and choreography work. She has produced several shows, including a 1993 HBO series called "Rosie Perez Presents Society's Ride," featuring live performances by rap, rhythm-and-blues and reggae acts. She has begun writing and doctoring scripts herself. And she carries on a heavy schedule of benefit work, like a recent appearance on behalf of an innovative writing program in which she participates at the Bedford Hills Correctional Facility for Women.

Despite her age — she was 19 when Lee found her — she has stood out as an obscure entrepreneurial actress.

If the path of Perez's career could go down various roads, the path of her life seems to lead inevitably toward Brooklyn. She keeps an apartment in Los Angeles, but spends most of her time in New York, a balance she would like to maintain.

"In New York, you can be who you are," Perez said. "If I want to be sad, I'm sad. If I want to be angry, I'm angry. If I want to be quiet, I'm loud. If I want to be yourself and people are always asking, 'What's wrong?' It drives me crazy. I feel sorry for L.A. I really do. No one's got any roots, which is why people are so disposable out there. And there are a lot of dog-eat-dog people in L.A."

Aren't there plenty of dog-eat-dog people in New York?

"Yeah, maybe," she said. "But in New York it's dog-eat-dog with a heart."

PEOPLE

THE movie actor Samuel L. Jackson had to prove he could be a nice guy before he claimed his brass pudding pot for being Harvard's Hasty Pudding Man of the Year. Known for playing tough guys who use rough language, Jackson washed his mouth out with soap before a sold-out crowd at the comedy troupe's club in Cambridge, Massachusetts. He recited the biblical passage from Ezekiel that he quoted in "Pulp Fiction," and then recited the same passage as Yoda, the dwarfish sage of "Star Wars." Jackson appears in the forthcoming "Star Wars: The Phantom Menace."

Shirley MacLaine was given a lifetime achievement award at the Berlin Film Festival. The actress was honored with a Golden Bear award for her 55 films, dating from Alfred Hitchcock's 1955 thriller "The Trouble with Harry."

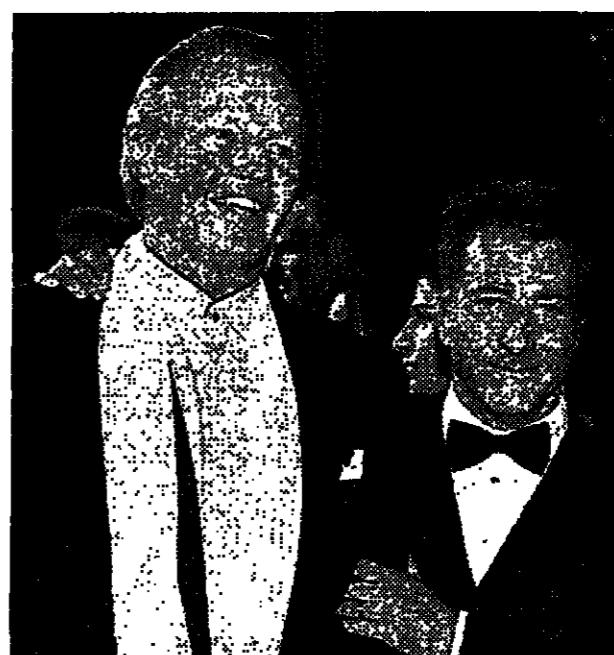
Mike Nichols and Elaine May claim that a cable TV series, "The Fifties: The Burning Desire," used one of their sketches illegally. A video clip of the duo's routine "The Teenagers" was aired without permission, they contend in a lawsuit filed against A&E Television Networks and the show's producer. The sketch, a look at sexual attitudes and mores of the '50s, was first televised in 1958 on "The Perry Como Show." In April 1998, a clip of it was broadcast in a segment of the six-part series "The Fifties" on The History Channel, a unit of A&E.

The billionaire Ted Turner has apologized for telling a Polish joke about Pope John Paul II. A one-sentence statement sent to the Catholic League said Turner "regrets any offense his comments may have caused and extends his heartfelt apologies." Asked by an audience member after a speech to the National Family Planning and Reproductive Health Association, what he would say if he met the Pope, Turner replied, "Ever seen a Polish mine detector?" and pointed to his foot. The president of the League, William Donohue, said that

Turner had "embarrassed himself with his silly remarks," but that he accepted the apology.

The rap star ODB was arrested this week for allegedly wearing a bulletproof vest — a no-no because of his previous arrests. The rapper, whose real name is Russell Jones, was driving erratically in Los Angeles when he was pulled over, a police officer said. Earlier arrests were on charges that he fired at police, threatened to kill a former girlfriend, shoplifted a pair of shoes and failed to pay child support.

Bob Geldof, the force behind the Live Aid concert for Africa, won a libel case against a British newspaper that reported he had "groped, fondled and kissed" a London nightclub stripper. The tabloid Sun paid Geldof "substantial," but undisclosed, damages. An attorney for News International, publisher of the Sun, said: "The defendant accepts that these allegations are entirely untrue and ought never to have been published."



PALS — Jon Voight, left, and Dustin Hoffman, co-stars in "Midnight Cowboy" in 1969, at an American Film Institute ceremony honoring Hoffman's career.

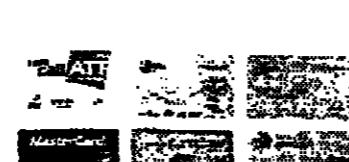
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